

# NATION'S BUSINESS



JUNE • 1934

Business Sizes up Year of  
the New Deal

Senator Bankhead

Justifies Cotton Control

PUBLISHED BY THE CHAMBER OF COMMERCE  
OF THE UNITED STATES



# SHORTEST DISTANCE

between two business points  
... no matter how far apart



EVERY ONE realizes that Long Distance is the *quickest* way of doing business with a person in another city. But not every one knows that it is often the *most profitable* way.

- A telephone call can gain a big order, which repays its cost many times over. It can straighten out a misunderstanding that threatens the loss of a profitable customer. It can help you save a substantial sum on a purchase by getting several quotations and allowing you to close on the most favorable ... or it can bring quickly the information you need to make an important decision to your best advantage. In short, Long Distance *pays its way* by the results it brings.

- We suggest that during the next few weeks you use Long Distance for transacting some of your out-of-town business. Check the time saved and results gained against the cost of the calls. We believe you'll find Long Distance highly profitable.

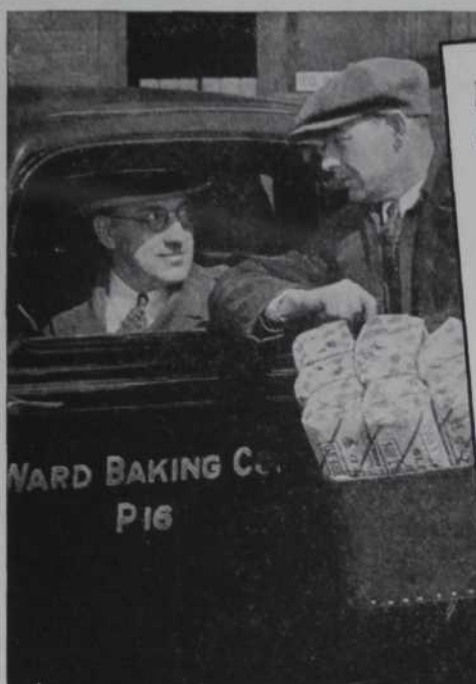
- Night rates on most station-to-station calls (8:30 P. M. to 4:30 A. M.) are about 40% under the daytime rates. During the daytime you can call a point 150 miles away for about 80 cents. After 8:30 P. M., the charge is about 50 cents.

## TYPICAL STATION-TO-STATION RATES

| From         | To                | Daytime | 7 P. M. | 8:30 P. M. |
|--------------|-------------------|---------|---------|------------|
| Philadelphia | New York          | \$ .50  | \$ .40  | \$ .35     |
| Cleveland    | Pittsburgh        | .70     | .60     | .40        |
| Boston       | Albany            | .80     | .70     | .50        |
| St. Louis    | Kansas City       | 1.15    | 1.00    | .70        |
| Atlanta      | Washington, D. C. | 2.35    | 1.95    | 1.30       |
| Denver       | Boston            | 6.50    | 5.25    | 3.75       |



# "WE CAN'T GO ON *Guesswork* IN THE BREAD BUSINESS"



1. "We've a big job to do and Plymouth's our silent partner. Our plant managers don't want to be handicapped by driving discomforts. That's why they all prefer Plymouth."

*Ward Baking picked Plymouth on Facts... Experience proves they were Right*

WARD BAKING COMPANY's transportation manager makes a point of keeping a critical check on "All Three" of the low-priced cars.

"We haven't *always* used Plymouths," he says. "But for the last three years, we've been buying nothing else."

He has found that Plymouth is the only low-priced car with *all* of the features an efficient job requires.

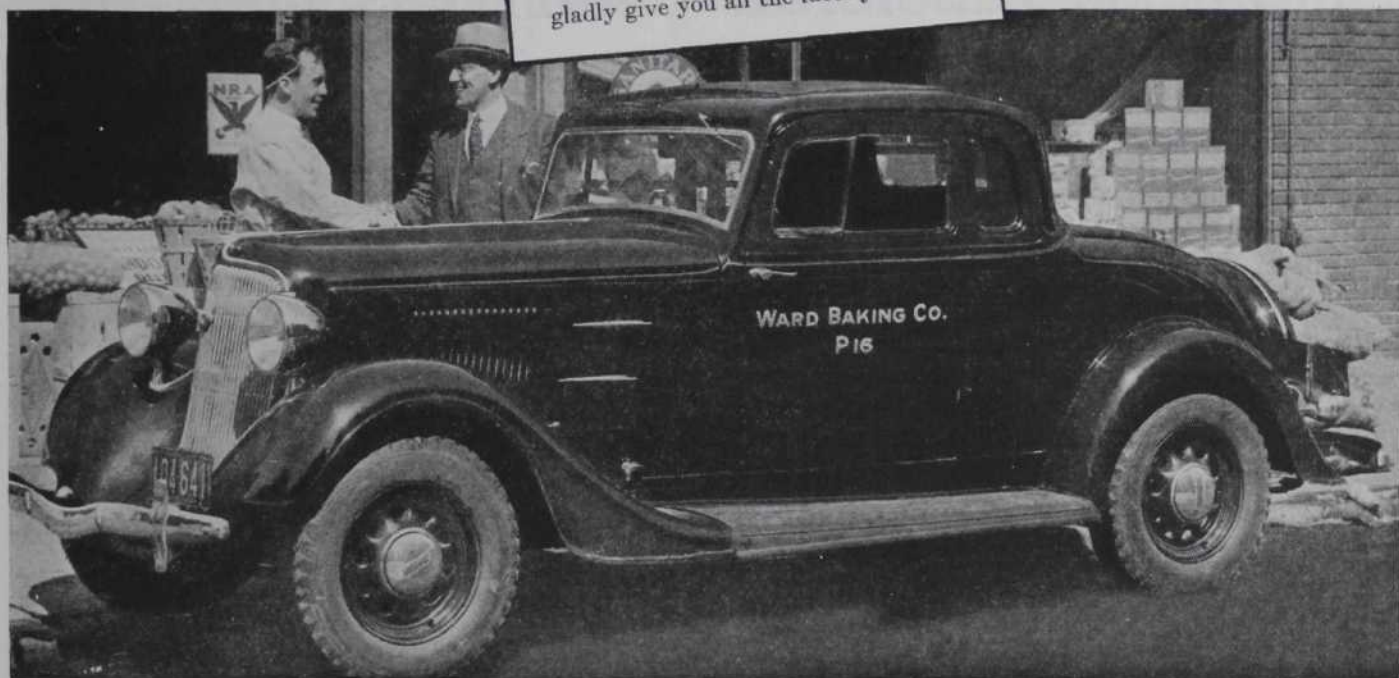
For Plymouth alone offers Hydraulic Brakes and a Safety-Steel Body—the most sensible insurance for the men who drive on today's busy highways.

And it's the only low-priced car with Floating Power engine mountings and Individual Wheel Springing—the features that assure greater *comfort*, keep the men alert and on their toes.

Check Plymouth's *extra value*. Any Dodge, De Soto or Chrysler dealer will gladly give you all the facts you need.



2. "Plymouth's Individual Wheel Springing lets each front wheel just 'step' right over bumps and car tracks. Here's a new kind of comfort!"



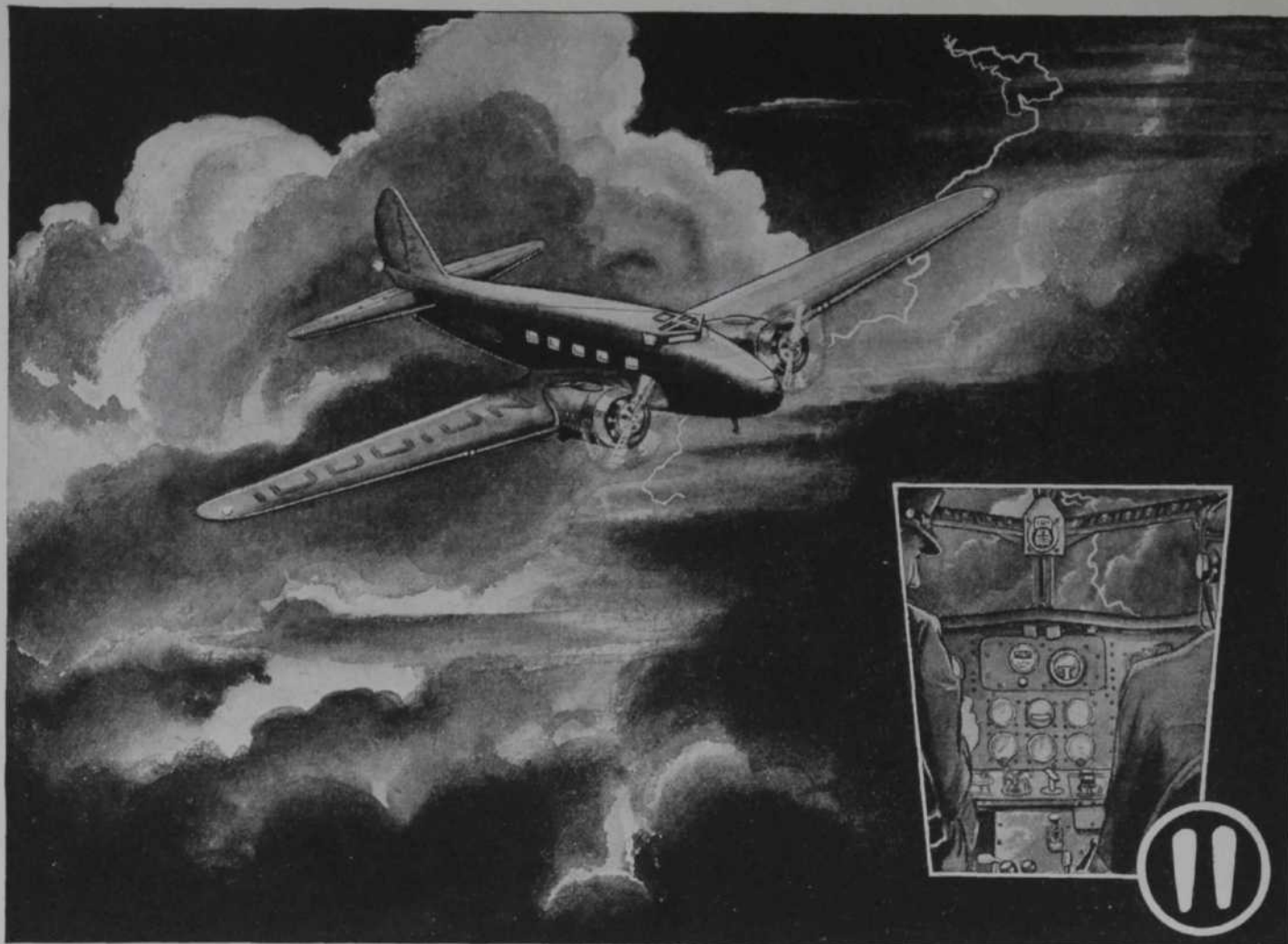
3. "Plymouth's 'big car' style helps our men make a good impression wherever they go." Above is shown the De Luxe Plymouth Business Coupe. Duplate Safety Plate Glass *throughout* at the lowest extra cost in the industry. In the low-price field, Plymouth alone has all of the four features you need; Hydraulic Brakes, Safety-Steel Body, Floating Power engine mountings and Individual Wheel Springing.

## PLYMOUTH \$530

AND UP AT  
THE FACTORY  
DETROIT

IT'S THE  
BEST ENGINEERED  
LOW-PRICED CAR





## ERRORLESS PRECISION—FAULTLESS DIRECTION

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In business too, modern equipment guides the destinies of men and concerns. Equipment that prevents errors, equipment that speeds work and decisions is particularly valued. *Thousands of businesses have chosen Ditto for these very reasons.*

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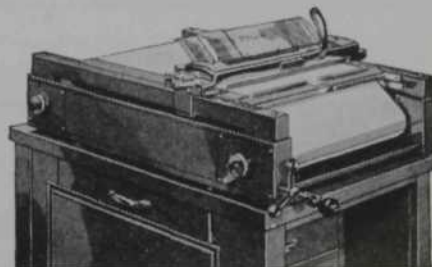
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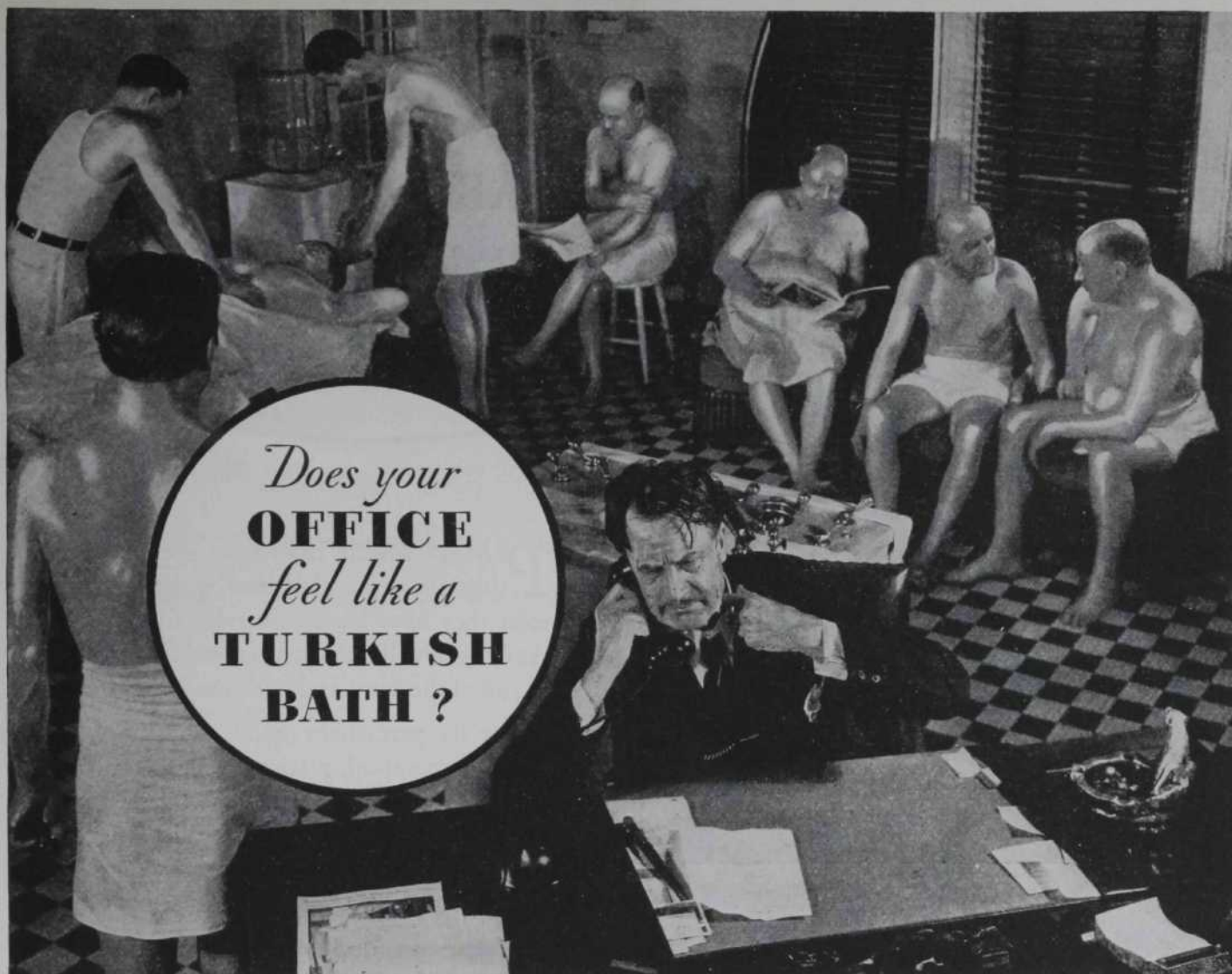
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*Does your*  
**OFFICE**  
*feel like a*  
**TURKISH**  
**BATH ?**

## Learn how easy it is to be cool and comfortable this summer with G-E Air Conditioning

**W**HEN a business man needs office help, he hires it. When a piece of office equipment gives out, he replaces it. When the windows get dirty, he has them washed.

But when the weather gets so hot a man can hardly work, all he does is sit there and perspire, grumble, suffer. Why?

Perhaps it's because most business men don't know what to do about it. Perhaps they have an idea that air conditioning is something complicated, something that involves tearing apart the building and spending a huge sum of money.

This is no longer true. Thanks to the

genius of G-E engineers you can now breathe air that's as pleasant as a balmy spring day—all year round. You can work in an atmosphere that is conducive to good health and high efficiency.

### A complete line of air conditioning equipment

Whatever your individual needs, General Electric offers equipment to meet them. You can have summer cooling if you wish, by which the air is cooled, dehumidified and gently circulated. You can have winter air conditioning alone. Or you can have complete year-

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For complete information, visit the G-E Air Conditioning Dealer in your town, or mail the coupon today.

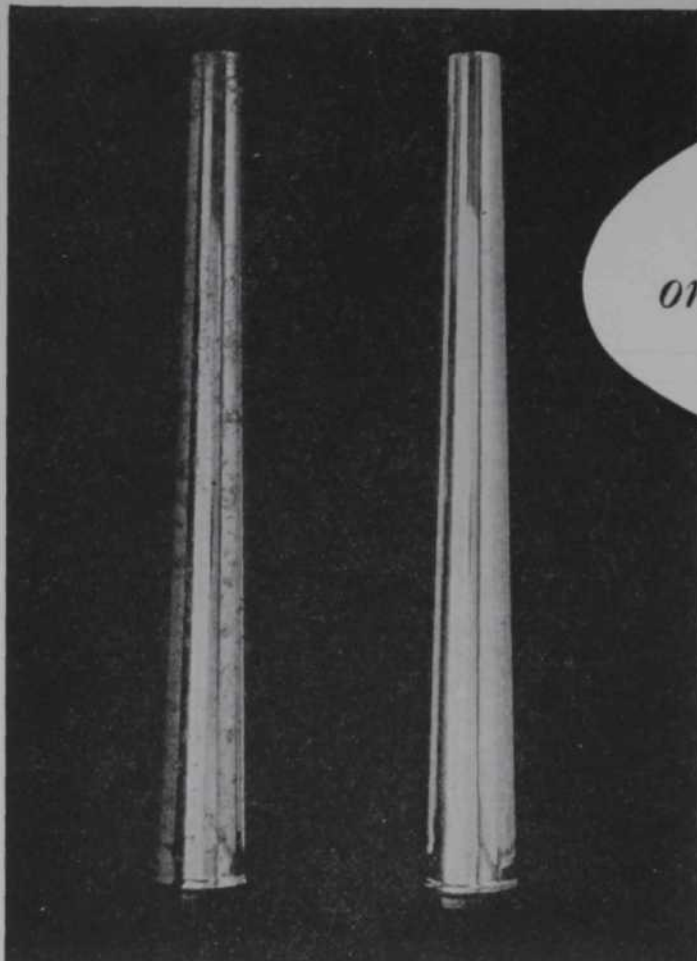
## GENERAL ELECTRIC AIR CONDITIONING

FOR STORES • HOMES • OFFICES • RESTAURANTS

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Send me, free, information about G-E Air Conditioning for (check) Summer.....Year-Round.....  
Office.....Store.....Home.....  
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Street & No.....  
City & State.....

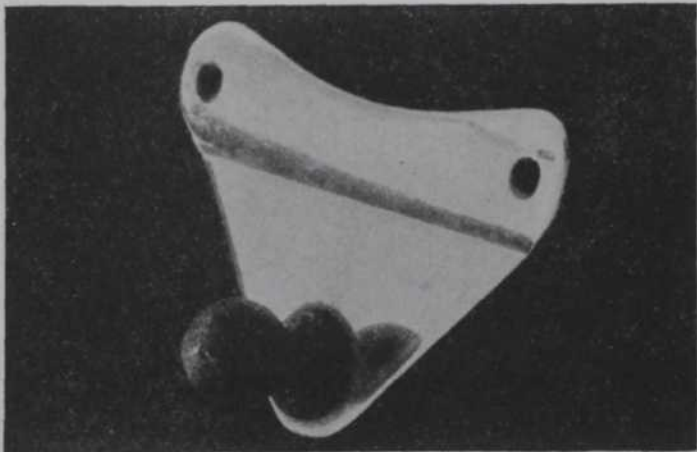


PLATING LASTS  
*only when the base metal  
itself is rust-proof!*

### Why chromium-plate for Beauty's sake ... and not make that beauty lasting?

Two automotive parts, identical in appearance (above), and an automobile mirror part (below). Newly chromium-plated, all were exposed to the outdoor air in Florida.

After 14 weeks of exposure, rust had hopelessly marred the part with the rustable base (above), while its "twin," plated on Brass, came through unscathed. Plating on the ball swivel (below) was entirely destroyed. Compare its appearance with the rest of this mirror part, which was plated on Brass!



PLATED WARES have sales appeal when they are new... but how will they look after they have been in service for a time? And what will their owners think of them... and of the name and trade-mark they carry?

For its permanent good appearance, its lasting eye appeal, plating depends on what is underneath it. When the base metal rusts, the plating peels... and beauty fades. When the base metal is copper, or brass, the plating retains its glistening newness, *indefinitely*.

These unretouched photographs at the left, show quite conclusively that chromium plate is far more permanent when Brass is the base metal. And from the production viewpoint, it should be remembered that Brass is easy to form... requires less time for polishing... fewer operations preparatory to plating. Cost advantages!

Now is a good time to *ask yourself this question*: "Can I use Brass or Copper... or one of the many adaptable alloys of Copper... to improve my products, to make them more salable?" Many concerns in varied fields are doing just that, at little or no increase in cost and often at a substantial saving. Our sales engineers are at your service.

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Volume 22



Number 6

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# THE NEWEST BUICK \$795

AND UP - List Prices at Flint, Mich.

## Now Business Can Use Buick with Profit



The day business has wished for is here. It dawns with the coming of the new Buick Series 40. For this car is built for business if any car ever was.

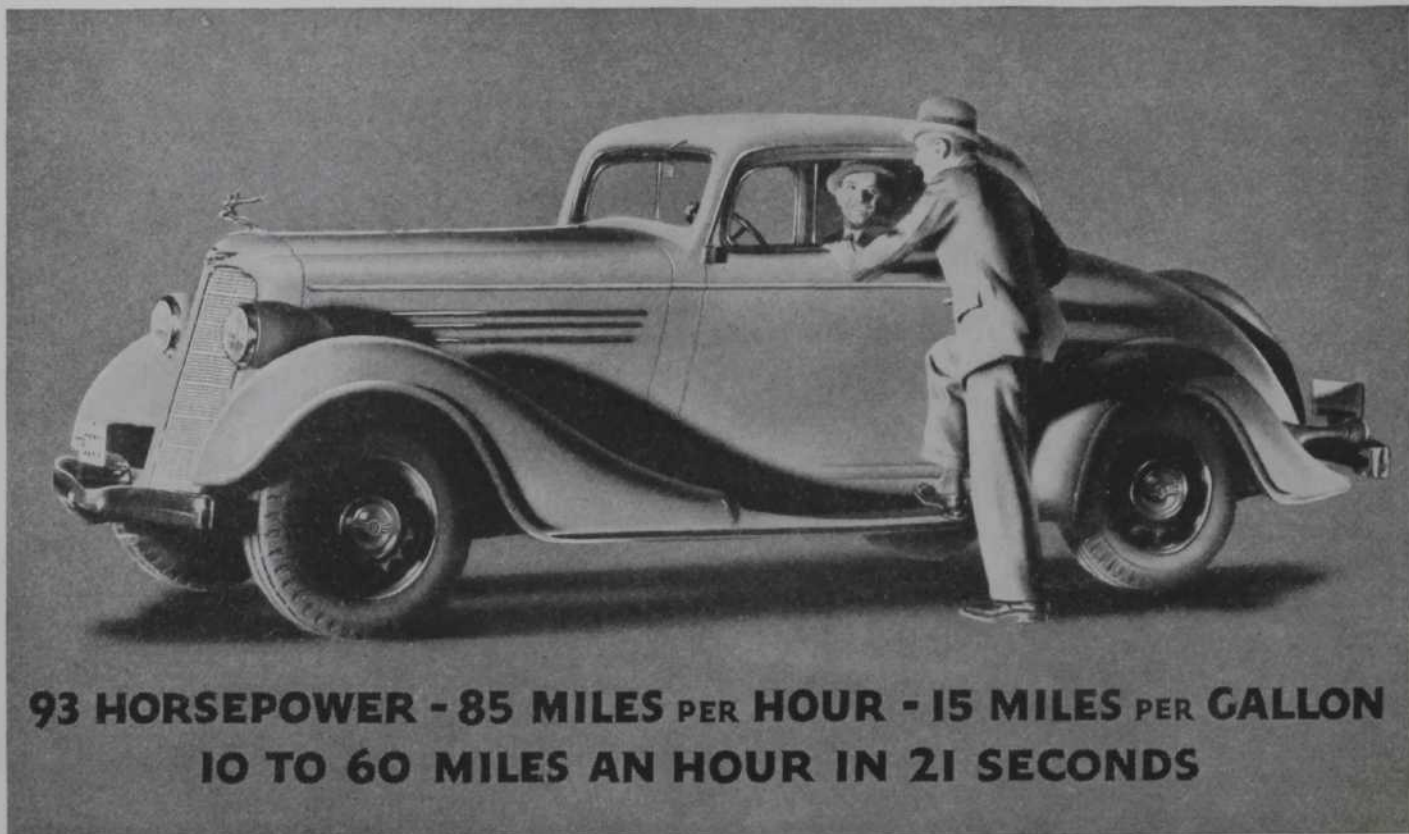
Business has always wanted Buick dependability for its fleets. That never-say-die dependability—envied among motor cars—is the very bone and sinew of the newest Buick.

With its economy, that works for profit. Over the speed range from 20 to 70 miles an hour, this Buick's fuel average is 15 miles per gallon.

Every sound engineering feature which has made Buick famous is built into this car: Valve-in-Head straight eight engine, with 93 h. p. and 85-mile speed; torque-tube drive; sealed chassis—plus automatic starting, Knee-Action wheels and ride stabilizer, Syncro-Mesh all-silent transmission; Fisher body and Fisher improved No-Draft ventilation.

Send for the Buick dealer to come and lay all the facts before you. You will find them interesting—and most significant, as showing how you can run your fleet dependably and profitably with Buicks.

Series 40—\$795 and up. Series 50—\$1110 to \$1230. Series 60—\$1375 to \$1675. Series 90—\$1875 to \$2175. List prices at Flint, Mich.



**93 HORSEPOWER - 85 MILES PER HOUR - 15 MILES PER GALLON  
10 TO 60 MILES AN HOUR IN 21 SECONDS**

WHEN • BETTER • AUTOMOBILES • ARE • BUILT—BUICK • WILL • BUILD • THEM

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ALL THE  
SECRETARIAL  
SERVICE  
WE  
NEED!

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In the average office, dictation starts at 10, stops at 3. The theoretical 100% secretarial day is really a 50% day!

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EDISON GUARANTEES 20%-TO-50% INCREASED BUSINESS CAPACITY!

# Through the Editor's Specs

## A Century of Progress?

TO THOSE discouraged, disconsolate, fearful of the future, certain that civilization is doomed, we submit this picture of the state of the nation as Daniel Webster painted it for his fellow senators, March 12, 1838:

"There are persons who constantly clamor. They complain of oppression, speculation and pernicious influence of accumulated wealth. They cry out loudly against all banks and corporations, and all means by which small capitalists become united in order to produce important and beneficial results. They carry on mad hostility against all established institutions. They would choke the fountain of industry and dry all streams. In a country of unbounded liberty, they clamor against oppression. In a country of perfect equality they would move heaven and earth against privilege and monopoly. In a country where property is more evenly divided than anywhere else, they rend the air shouting agrarian doctrines. In a country where wages of labor are high beyond parallel, they would teach the laborer he is but an oppressed slave.

"Sir, what can such men want? What do they mean? They can want nothing, sir, but to enjoy the fruits of other men's labor. They can mean nothing but disturbance and disorder, the diffusion of corrupt principles and the destruction of the moral sentiments and moral habits of society."

## "You know I have two cows!"

A PROFESSOR of Economics at an Iowa college is a realist,—and a good teacher. So affirms A. L. Killian, of Cedar Rapids. In one of the professor's classes was a student who was head of the campus socialist activities and who never missed an opportunity to preach equality of income. In a recent examination one of the questions allowed him free play to expose his favorite doctrine. The professor, in announcing the result of the examination to the class, stated that he had decided upon a new system of grading. He had added up all the grades and found the average and was giving each student this average.

Whereupon the young disciple of Dr. John Dewey arose and expostulated with some heat.

"It is not fair," he said. "Here I have worked hard, have stayed home and studied when other members of

the class went out to see the football team practice; have denied myself social parties—even the Prom—in order to keep my studies at top marks. It isn't right to give me the same grade that you give all the others."

The professor reached for the student's examination paper and replied:

"I got the idea from you," and read an excerpt. Whereupon the class guffawed loudly.

The professor said quietly that perhaps students had better be graded as they had been graded for hundreds of years, recognizing the various degrees of individual merit and application.

## Getting our shibboleths on straight

*And every boy and every gal  
That's born into this world alive,  
Is either a little Liberal  
Or else a little Conserva-tive.*

SO WROTE Gilbert more than 50 years ago, and Sullivan set it to music. It is true today, but aren't we muddling the meanings? The Conservative today is dubbed a reactionary, a Tory, and is described as unprogressive, while the Liberal, dubbed a radical, is for change mostly in the direction of more control, supervision and operation by a Central Government. It should be the other way 'round. The term "Liberal" among English-speaking peoples has always meant one who opposed the extension of government authority, while Thomas Jefferson in 1823 wrote Lafayette: "The Tories are for strengthening the Executive and General Government."

It may be shibboleths have served their turn and we should reply with Disraeli who, when a heckler in Parliament asked him if he was a reactionary or a radical, replied: "I am a reactionary for the preservation of those things which have been proved good, and a radical in deprecation of those which have been proved evil."

For our part, "in reply to yours of recent date, asking us to define our editorial position," we could hope to



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Founded by George Washington in 1784



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THE SPORTSMAN  
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*The Finest Fleet of Air-Conditioned Trains in the World*

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fly no better pennant from the editorial masthead than to paraphrase John Stuart Mill:

Any Comment upon the Times  
should be conceived  
in a spirit of resistance to  
Ignorant Change  
and equal resistance to  
Ignorant Opposition to Change

## Pig travel—social and economic

"PIGS IS PIGS" said Ellis Parker Butler. They are valuable freight, says the Pennsylvania Railroad in announcing its decision to build 200 shock-proof cars in its Altoona Shops. A contented pig is a quiet pig, observers report. Hunger and hard knocks in transit cause squealing, they assert, squealing causes loss of weight, loss of weight cuts prices.

The trucks of the new cars will have elliptical springs between the bolsters and the side frames, a construction which is expected to absorb the squeal-evoking vibrations. This improvement puts the line about contented cows in a way of expansion. With pigs traveling *de luxe*, pork products should reach a new high in consumer satisfaction. As an advertising slogan "Not a Squeal in a Carload" may seem a bit too obvious, as would possibly "When Quieter Pigs are Shipped Blank will Ship Them."

## G. P. O. production up

IF CITIZENS are not informed of the how, why, and wherefore of the many new government activities, it would seem to be their own fault. Certainly, there has been effort without stint to describe and explain, not only through the press, speeches and radio, but also through pamphleteering. The Public Printer tells us he has performed a record-breaking service in the distribution of 229,158,947 printed copies during the first 5½ months of the present fiscal year, 160 million more copies than were distributed during all of last year. The average distribution over the last 21 years, he says, was 70,600,000.

Of the activities responsible for the enormous increase, the NRA heads the list with 79,175,825 copies, followed by AAA with 61,181,005 copies; NERA, 15,378,990; FERA, 12,988,325; RFC, 8,085,500; FCA, 750,720; HOLC, 561,000. This is not a complete picture as government bureaus have had a part of their printing done by private concerns.

## Then, now, and forever

THERE is no closed season for the banker. No game laws protect him. When the story is told of a man re-



porting to the Sheriff's office in the Court House that he had killed a banker and was told that he was in the wrong office, that the bounties were paid upstairs, we smile. It is an ancient if dishonorable sport. Pick up "Artemus Ward, His Book," written and popularly received in 1860, and you will read:

"The western bankers air a sweet & luvly lot. I wish I owned as good a house as some of them would break into."

### Thus life goes on

WHETHER it is revolution or evolution is in controversy; however, the indicators of our social course indicate that trends trend, tendencies tend, and society's ebb and flow persists in its humdrum way.

A study made by the *American Journal of Sociology*, for example, shows that births, deaths, marriages, divorces, crime, insanity and religion continue their predestined ways. Population increase is less . . . emigration exceeds immigration . . . both death rate and birth rate continue down . . . high point of patents issued 1932, a decline last year . . . incomes, big and little, started down in 1928 . . . factory production, employment and payrolls hit bottom in 1932 . . . number of married women employed increasing, so that one in eight or nine now employed . . . size of family decreased from 4.8 in 1924 to four persons in 1932 . . . weddings increased, divorces decreased . . . new books increased through 1928, then slumped to 1896 level . . . in 1920, 25 per cent of high school age enrolled; in 1932, 55 per cent . . . church membership fairly constant . . . insanity on the increase . . . the average number of communications received by each person in 1929 was 375, in 1932, 300 . . . the average number of miles travelled by each person in 1929 was 3,530, in 1932, 2,930 . . .

### The pro and con of it

TWO recent statements deserve reading together. They are at the opposite poles of political and economic thought. One came from the group of distinguished business men who form the Durable Goods Industries Committee, the other from the New York Conference of the Methodist Episcopal Church.

Said the Committee, after reciting the increase in that share of the national income and savings flowing into governmental channels:

The conclusion is clear that, perhaps without conscious intent, we are gradually enforcing the nationalization of productive wealth. Increasing amounts of Government money in productive en-

## CLUB NEWS FOR HOUSE COMMITTEES



Management everywhere is learning that it takes a mighty good paper towel to go the whole route in giving a full measure of satisfaction. Size is important, of course. But honest-to-goodness drying quality must be built into a towel before it leaves the mill if it is to do its work properly, economically.

A.P.W. Onliwon Towels are ample in size, dispensed one at a time, and double-folded. They are soft and pleasant to use, amazingly absorbent to insure thorough drying, and strong enough to stay all in one piece even when wet.

That's the reason one A.P.W. Onliwon usually does the work of several ordinary towels.

A.P.W. Onliwon towel cabinets are neat in appearance. They dispense one towel at a time to prevent waste, and keep the remainder immaculately clean up to the instant they are used.

A.P.W. Onliwon Tissue in Onliwon cabinets is the companion product that completes a washroom service second to none for all-round safety and satisfaction as well as economy. Bring your washrooms up to date this easy, modern way.

**A.P.W.**

**ONLIWON SANITARY WASHROOM SERVICE**

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Representatives in leading cities.

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*"..and, Miss Brown,  
order us a carload  
of steel shafts"*

THERE are still some manufacturers who select their cigars or the lubricating oil for their automobiles with greater care than they do their steel. Here's a man, for instance, who redesigned the whole rear end of a motor truck to prevent axle failures. Instead, he might have guarded against such failures simply by changing his steel specifications—the same result at a fraction of the cost.

The steel that would have provided the added strength without increase in size or weight was Illinois Steel Company's Chrome-Nickel-Moly—a steel noted for withstanding extreme torsional loads.

Or another . . . whose manufacturing costs on gears were prohibitive, due to low production and impaired tool life. There was nothing wrong with his machining methods or his

tools. But he was using the wrong steel. By a change in specifications his machining costs were reduced and he was enabled to produce gears that were more quiet and longer lived.

The change in specifications was to S.A.E. 5140. This steel is easy to forge and treats uniformly. As produced by Illinois Steel Company, it is exceptionally clean—promoting high cutting speeds with a high degree of smoothness and practically no tool peeling.

The selection of the right steel for a particular job is, today, a matter which can be determined safely in advance. We are aiding manufacturers every day in such selections. We will be glad to assist you through the furnishing of technical and metallurgical data. Write us of your problem.



**Illinois Steel Company**

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SUBSIDIARY OF UNITED STATES STEEL CORPORATION

**ILLINOIS** *alloy* **STEELS**  
ALWAYS DEPENDABLE

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terprise must inevitably result in an increasing degree of direction, regulation, control and operation by Federal agencies.

On almost the same day that this was issued, the New York Conference of the Methodist Episcopal Church met and adopted a set of resolutions of which this was one:

We hope the NRA will be strengthened and extended so that its real objective, increase of purchasing power, will be reached by means of a still greatly shortened working week, by curbing the retail price rise and by such rigid enforcement of the codes that it will be demonstrated that the Government, and not reactionary business, rules.

There you have set forth the two schools of thought that are struggling for dominance today, one asking for more power for the political forces, more authority for government executives, departments, divisions and bureaus; the other pointing out the danger to economic progress through the deflection of savings into non-creative, non-productive, government activities.

### Flashes from the business front

AMERICAN and Continental Can see market of 500,000,000 one-quart and five-quart sealed "bootleg proof" oil cans. . . . Terraplane 2,160,368 comes off assembly line April 18 and ties Hudson Company's total 1933 production. . . . Norge Corporation, makers of rollator refrigerators, announces it will enter oil burner field May 1. . . . Bushwick-McPhilben Corporation, greater New York distributors of Spartan radios and refrigerators, establish resale prices for all dealers. . . . B. F. Goodrich Company organizes pension system estimated to accumulate \$1,500,000 annually for employees. . . . Wm. Wrigley Jr., Company announces a \$1,000,000 "employment assurance" plan. . . . General Electric reports net price of incandescent lamps cut 58 per cent since 1921 with efficiency up 41 per cent. . . . Chrysler says it with a choir of male factory workers, 185 strong. . . . Long Island Railroad begins celebration of hundredth anniversary, April 24. . . . Henry J. Gaisman, Gillette board chairman, creates educational, non-profit "Inventors Foundation" . . .

### Why business fears legislation

FEAR, indeed, is a deterrent to business activity. One element of fear is the threat of radical legislation; new rules of business, of your business and my business—Is the forward pass to be outlawed, or two strikes instead of three to be the rule?

What do we mean by radical legislation? Some may think that legislation proposing any change is radi-

cal. That is not the point of view of business men. Business men live lives of change, radical change, in selling programs, in models, in financing, in office and factory, but change carefully planned upon a basis of every bit of pertinent fact that can be discovered through the most scrupulous search and with the aid of the highest technical skill. Every assurance is sought by real business men that change will bring a better state of affairs—a better product, a cheaper price, or an improved service.

In business it would be considered foolhardy to make changes without waiting for facts, changes when there is any chance that misrepresentation has distorted facts, changes involving the use of plant and equipment to experiment with ideas of someone who knows nothing about machinery and particularly of someone who appeals to personal prejudice or personal ambition rather than to facts and technical knowledge.

Business fears changes that would put at hazard the welfare of those who work in the plant and those who own it, and who are dependent upon efficient operation, unless there is assurance that the change will bring a better substitute.

Business fears legislation which has precisely those defects, which, if they existed in a proposal for a business change, would lead the business man to call it foolhardy—not because it is new, but because it is based not on facts but upon half truths and emotionalism.

### To the inquiring graduate

EXCERPT from a letter in reply to a college graduate who writes asking how to go about getting a job:

Don't say, "I want a job. I will do anything." Say, rather—and be prepared to back it up—"You need me because I can do something for you better than anyone else."

That sounds difficult. It is, but it is one of the fundamentals of salesmanship and you are really selling yourself. Why should anyone give you a job because you want one? Make me want you and your services for what you can do for me and my organization. You cannot convince me of this by generalities. The way to go about it is to choose the thing you like best to do. If you choose honestly and have not been indolent, you will, doubtless, have many ideas on that particular thing because you have observed and thought about it. Whether it is banking or construction, or publishing, or retailing, you must have some ideas as to how a particular thing could be done more efficiently or more pleasantly and serviceably to a customer. Bring that idea to the man from whom you wish a job. Not one idea, but a dozen. They will probably all be old to him but he will more likely be impressed with your interest and enthusiasm, and think of you as good material to be trained in his organization.



## HAGEN Honey Center GOLF BALL

THE SWEETEST BALL  
YOU EVER DROVE!

Yes—the new Hagen Honey Center golf ball is just that—the sweetest ball you ever drove! Bang one of these latest and greatest balls down the fairway. You have never seen such performance. You'll tingle to the tips of your toes.

Here's the explanation. The entire center material is composed of pure honey. Not a thing is added. Just genuine clear honey. Science discovered that Honey is a natural for golf ball centers.

Honey is nature's perfect material because honey needs no weighting material—will not get out of balance—will last indefinitely—has unbelievable elasticity and resilience—is not affected by climatic changes and does not evaporate. Here's a natural if ever there was one!

The result is the sweetest ball you ever played. If ever a ball was packed with punch, it's the new Hagen Honey Center. As durable as an alligator's hide.

Remains round—round after round. It's a Honey—good until the last putt drops. Try one today. You'll be amazed. 75c each. Other Hagen balls—75c—50c and 35c each.

THE L. A. YOUNG GOLF CO., DETROIT, MICH.

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# "Once more Humanity strikes its Tents and is on the March"

**C**HIEF among the lessons of the past of value to business is the admonition "keep your mind young."

Youth looks boldly forward—while to the man or industry that looks only backward, change is always accompanied by fear.

The nation and the world are moving now to new times and new ways—once again restless Humanity is on the march.

We are inclined to believe we should fear only for those who mistrust either a safe destination or a serviceable way to get there.

Goodyear experience has been, that while times change, principles do not, and that the first valid claim upon success is to deserve it.

## OUR CREED

*"We are going to keep right on making the best tire on the market, we are going to keep right on making our franchise the most desirable any tire dealer can obtain, we are going to keep right on paying the highest wages in the industry, we are going to keep right on with our policy of fair and honest dealings with the public. This policy brought us leadership in the industry and this policy will keep us in that position no matter how hard blows the storm of competition."*

Inspiring the steady work of development and improvement on the innumerable things Goodyear builds of rubber, is the conviction that people always respond to products that are worthy and serve them well.

So—"our minds young"—we seek to administer our affairs with confidence, competence, justice—and neither deplore nor are affrighted by change.

In what we build as in what we think, we hope not merely to keep pace with Humanity but if possible to be well up in the lead.

*P. W. Hitchfield*  
PRESIDENT,

THE GOODYEAR TIRE & RUBBER COMPANY, INC.

THE GREATEST NAME IN RUBBER

# GOODYEAR



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# NATION'S BUSINESS

★  
A MAGAZINE  
FOR  
BUSINESS MEN  
★

## Free Us from Fear!

**REMAKERS** of society too often forget that business sustains society. It is the resource to which Government must look for the where-withal of public expenditures whatever the emergency or occasion. The activity of that group of American people in their workaday characters of producers, fabricators, distributors, accommodators, and what not, is the sole source of public revenue, of national well-being.

This truth is fundamental: The burden of relief and the responsibility for recovery must eventually depend upon the business community.

Emergencies have a way of ending. Administrations go out of office and Governments withdraw as dispensers of the nation's savings. It is the decisive distinction of business that it keeps on. It is the nature of business to persist. This continuity is its chief contribution to society. Political tides come and go. Platforms pass into limbo. The blurring touch of time obscures "paramount issues." The judgment and thought of business are never adjourned. The planning that keeps a business a going concern is the most beneficent of all planned economy. "Doing business at the old stand"—what a goal for the nation!

Short of scrapping our traditional order, the political organism cannot indefinitely take the place of business. Its withdrawal is a matter of time. As emergency employment is tapered off, demobilization is seeded with disturbance, because, once committed to paternalism, extrication is not easy. Millions of citizens have come to believe that the Government owes them a living. Dependence becomes a way of life. The road back to a self-reliant economy will be hard and long. The transition will search the hearts of the people and test their belief in the rightness of their institutions.

It will not do to say that the future cannot be read. Alternatives to the revival of business initiative loom alarmingly. A qualified socialism would seem to be inevitable should the Government decide to maintain in large part its emergency innovations. The riddle of revenue would

then press for answer with a more acute insistence, and the specter of inflation enter each home.

To say that there are few advocates of state socialism, and fewer, perhaps, of uncontrolled inflation, is only to beg the question. The answer most satisfyingly American is to be found in acts, not words, looking to the preservation of incentive and opportunity.

It goes without enough saying that a business enterprise must earn, must create, must reproduce. Earnings to pay labor, to buy materials, for taxes, insurance, replacement of equipment; earnings to provide an anchor to windward, to pay those who risk their savings in the enterprise. More often it is said that we must have a "redistribution of income." The thought contradicts itself. Business cannot provide financial blood transfusions with its own source of nourishment reduced to a trickle by the increasing strictures on earnings. Nor can private recuperative powers long be adequate to the weight of taxation defined by contemplated expenditures and the consequent rise of billions in the public debt.

The phantom of currency experimentation and reformatory legislation is a plague on every business.

The need for confidence is everywhere apparent.

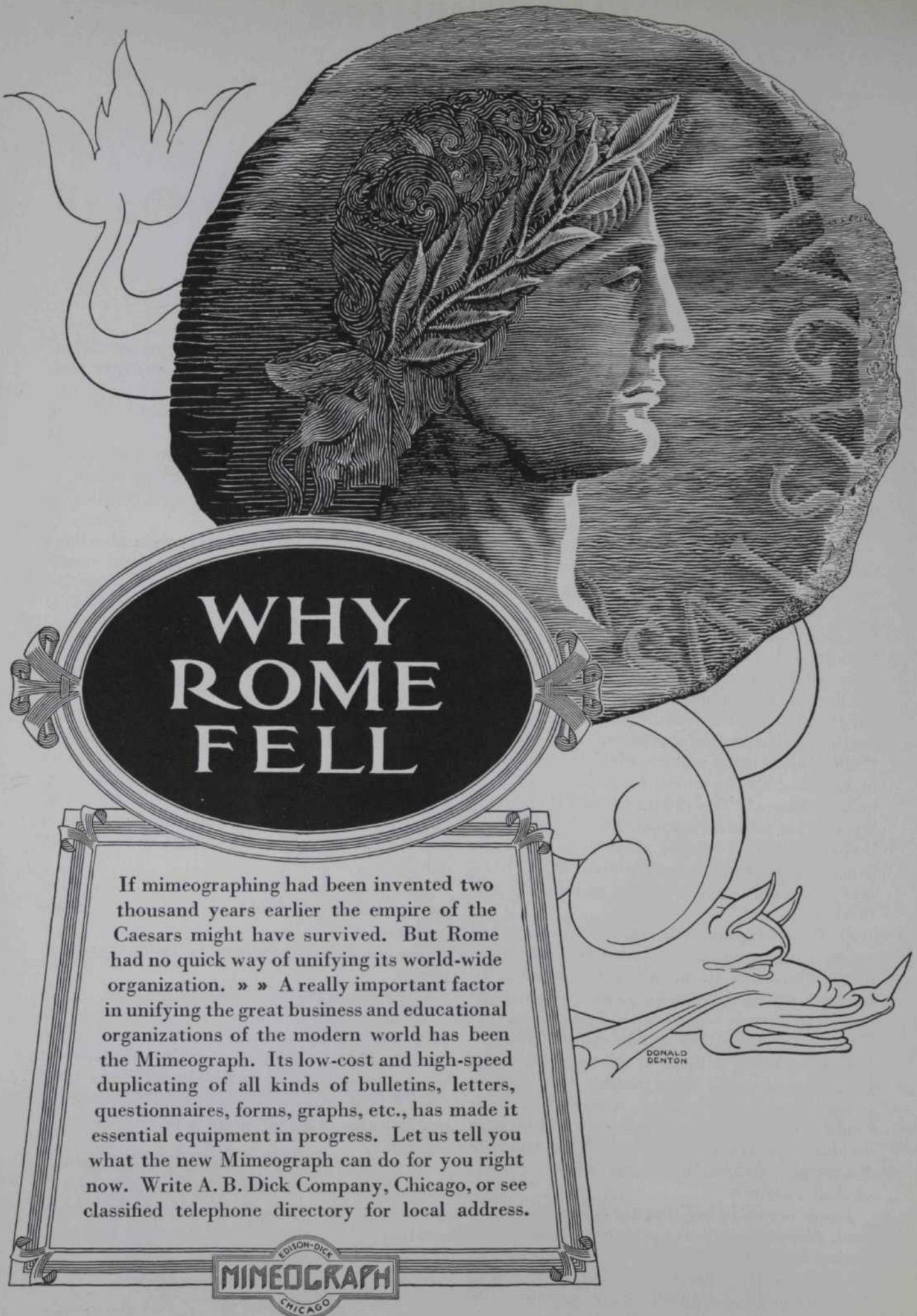
Capital and labor are looking for jobs.

If they are to join hands in sustaining enterprise, favorable conditions for their partnership must be the contribution of politics. If Government does not intend to supplant private business, it is of vital importance that it disclose the whole scope of its program and fix clearly its limits.

Trade and industry can revive under definite rules. They cannot revive in an atmosphere of general apprehension. Fear is humanity's most contagious disease, it has a hundred eyes. Recovery has nothing so much to fear as fear.

*Merce Thorne*





# WHY ROME FELL

If mimeographing had been invented two thousand years earlier the empire of the Caesars might have survived. But Rome had no quick way of unifying its world-wide organization. » » A really important factor in unifying the great business and educational organizations of the modern world has been the Mimeograph. Its low-cost and high-speed duplicating of all kinds of bulletins, letters, questionnaires, forms, graphs, etc., has made it essential equipment in progress. Let us tell you what the new Mimeograph can do for you right now. Write A. B. Dick Company, Chicago, or see classified telephone directory for local address.

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June • 1934



# Business Sizes up the New Deal

By WARREN BISHOP



FOR NATION'S BUSINESS BY AIKINS

A visitor to the U. S. Chamber's National Convention studies the business map with pins representing centers of Chamber activity. Every section of the country was represented among the 1,500 business men at the meeting. The map was a part of one of the numerous displays prepared for the information and assistance of the members attending the annual meeting

**M**ORE than 1,500 business men met in Washington last month at the annual meeting of the United States Chamber of Commerce. They heard speeches, they talked business, they exchanged opinions and they got a message from the President of the United States in which he said:

"Your membership largely represents those interests which from motives of self-interest as well as good citizenship have a leading role to play. The people as a whole will be impatient of those who complain and of those who hold out false fears. It is time to stop crying 'wolf' and to cooperate in working for recovery and for the continued elimination of evil conditions of the past."

Whether Mr. Roosevelt had in mind the Chamber when he spoke of complaints, I do not know. It did not seem to me as I listened to addresses and talked with the delegates that those were the dominant motives. Certainly there were complaints—complaints of some codes and of excessive government activities; certainly there were fears—fears of the extent to which the re-

covery program and the New Deal may go. But there were other states of mind that really were dominant in the meeting. They might be called:

*Courage and Curiosity.*

Courage to fight back when the rights of business were assailed, courage to go ahead in business itself; curiosity as to what would be the permanent effect on American life and American business of the administrative program, curiosity as to what was to be permanent and what emergency.

I asked one man who has a 20-year acquaintance with Chamber meetings and Chamber methods what he thought was the dominant note of the meeting. He answered:

"A sense of realism."

Business seems to feel that it is facing facts now

in its relations with the Government and that those facts must be adjusted and settled.

While there was willingness to "speak out in meeting," there was, as there should be at such a gathering, a wide divergence in points of view.

There are two extracts from addresses which might well be read together. One is from the opening address of Henry I. Harriman, President and President reelected of the Chamber:

As I examine our present trend in public affairs I do not find evidence of a public desire to substitute a new economic or political system for those under which we have made such rapid progress for a century and a half. I do find, however, strong evidence of a desire to correct existing evils and to prevent the recurrence of such an economic debacle as that which occurred in 1929. In the formulation of a program to that end there are bound to be many proposals with which American business cannot agree; but these, I am convinced, will more often go to details than to principles.

The other is from the speech of Silas H. Strawn who was Mr. Harriman's predecessor as President of the





In spite of his manifold duties at the convention, President Harriman found time to attend many of the sessions. He is shown here listening to a luncheon address. William L. Sweet, Chamber director, is with him

Chamber. Mr. Strawn had three proposals to make. The second was:

A definite announcement by the President that the emergency is over and that there will be no more requests for emergency legislation and no more tinkering with the dollar.

These represent two widely divergent points of view of present-day economics. Certainly neither is a complaint nor a holding out of false fears. Moreover, neither is an authoritative statement of the Chamber's position. To find that we must go further and look through the resolutions prepared by the Chamber's Committee on Resolutions and adopted at a general meeting of the organization, one section headed "Individual Rights," which declares:

Legislation is coming forward in Congress which raises fundamental questions. As yet this legislation has been formu-

lated with respect to several fields of agriculture, and is based upon penalizing taxes for those who, whatever their circumstances, use their lands for production, even production for local consumption, contrary to official decisions. Such legislation if attempted in one field may very well be extended to all parts of agriculture, all forms of business enterprise, and even to occupations and employment.

The difficulties of some of the problems with which the Federal Government has undertaken to deal cannot justify legislation of this kind, whether it is represented as temporary or as permanent. The rights which are guaranteed to American citizens, and which they cherish, should always assure them protection in their lawful occupations and lawful enterprises from reliance upon the fallible judgment of persons in official positions. It is this protection which has permitted that initiative, that ambition, and that effort which has characterized our life and which has given us our distinctive standards, our high level of general welfare, and our national wealth.

In this effort to understand the mind of present-day business, one more address at the general meeting might be quoted. The speaker was A. W. Robertson, Chairman of the Board of Westinghouse. He was discussing "The Place of Business in American Life." All too often in late years business men have been inclined to plead guilty and ask a mitigation of sentence no matter what the charge might be. Mr. Robertson was not in that state of mind. He was prepared to throw down the gauntlet for business. Here are significant bits of his talk:

Surely business cannot have been 100 per cent wrong, and

And so, far into the night! Those engaged in Chamber business observed no hours limitations. Even after the annual dinner the directors met to consider and act on urgent business

FOR NATION'S BUSINESS BY AIKINS

FOR NATION'S BUSINESS BY AIKINS



equally surely Government cannot be 100 per cent right. Business is managed by men, so is Government. Good and evil men, wise and foolish men, will be found in both camps.

When we speak of business we think of that part of human endeavor and initiative that is expended on manufacturing, trade, and the transportation of men and goods. It is upon business as so defined that the spotlight of criticism is now focused; so, let us take a close look. Is this business as bad as painted? What is its record? Broadly speaking, it is engaged in supplying or satisfying human needs and wants. It provides employment to 30 million workers, roughly 60 per cent of the country's working population. It also provides a use for the savings of workers. It employs both men and money. Business has, of necessity, to pay its own way. It knows that high wages are desirable but it must earn them or it cannot pay them. It must make expenses, which includes paying for the use of the money invested in the enterprise and paying taxes also. . . .

Whoever ran our world in the past does not need to bow his head in shame or to apologize. I see no good reason for turning over its management to the control of those who have no record of performance back of them. After all, what is it that enables private business to keep on from year to year and from generation to generation? It is no unusual thing to find a business unit surviving several governments. A study of the basic quality of all enduring business will disclose that it is based on integrity.

### Discussing the practice of Government

SO much for the spirit of the meeting. What about the particular things that came up for discussion? To the listener these subjects of comment, of criticism, and of approval, seemed to be lined up into three major groups:

I. The restrictive legislation which is retarding business revival. Notable examples are the Securities Act, the Stock Exchanges Regulation Bill, certain clauses of the Banking Act of 1933. As to these there was no conflict. The whole of business sentiment is for a wiser program of legislation that shall help, not hinder, the orderly, normal flow of savings into investment.



FOR NATION'S BUSINESS BY AIKINS

W. Sanford Evans, of Canada, studies a question put by a corridor interrogator

II. The Public Works Administration. Here there is divided opinion as to the soundness of the principle but a feeling quite generally accepted that the administration of the PWA should and could be speeded up.

III. The Codes under the NRA. As to these, opinions were about as numerous as there were speakers, or even attendants at the group discussions.

Let's look at the last first and consider some angles of the discussion. Here's a statement which is not 100 per

cent true and which is not provable, but which is at least of interest. If you consider business as a process starting with the extraction of raw materials, coal, oil, iron or lumber, proceeding through fabrication of semi-finished and finished goods to the point of distribution through wholesaler and retailer, we find that approval and acceptance of the codes seems to be strongest with the natural resources group and to weaken a little with the manufacturers group and so on to the distributors.

Three of the speakers at the first named group were John L. Steinbugler for bituminous coal; C. C. Sheppard for lumber and Amos L. Beaty for oil. Mr. Steinbugler

(Continued on page 64)



FOR NATION'S BUSINESS BY AIKINS

Business men retain their sense of humor and are still able to chuckle over a good joke, even if it happens to be on them. Laughs at the convention, though few, were hearty. Only the official stenographer was proof against this luncheon speaker's sally. She had heard seven speeches in a day and a half



# Many Men's Opinions on Business

RECENTLY, a man who speaks with great eloquence and authority in national affairs, stated that 60 per cent of the wealth of the nation was owned by two per cent of its people, and, by many, this was assumed to mean that 60 per cent of the national income went to this minute percentage of our population. When, however, we examine the distribution of the national income for our most prosperous year—1929—we find that out of a total income of \$85,000,000,000, \$52,000,000,000 was distributed in the form of wages and salaries, \$12,000,000,000 went to agriculture, \$10,000,000,000 was distributed to professional men and to the millions of workers who are rendering various forms of personal service, and that only about \$11,000,000,000 was paid out or earned as a return on capital.

Again, when we examine this item of investment return, we find that a very large percentage of the return

## Pertinent Paragraphs from Addresses at the Chamber's Convention

lion of the total national income was distributed to men of large means and if this sum had been distributed *pro rata* among the 45,000,000 workers of our country, it would have meant less than eight cents per day per worker.

HENRY I. HARRIMAN,  
*President,*  
*U. S. Chamber of Commerce*

### The Coming Year

A YEAR AGO, in addressing your gathering, I was much impressed by the spirit with which you were helping us frame the recovery legislation. Neither the Agricultural Adjustment

for a declaration of interdependence.

The emotions aroused by a crisis do not last forever, yet the fact of interdependence must continue to be admitted into all our discussions. Nearly everyone will agree that, during the past year, all interests have done a better job of recognizing that fact of interdependence than in any other peace-time period of our history. The coming year, however, with business on the upgrade, may strain the willingness of all interests to subscribe to the declaration of interdependence, unless we secure a wide and thorough understanding of the fundamentals of our recovery programs.

HENRY A. WALLACE  
*Secretary of Agriculture*

### Three Essentials

THE principal requirements for renewed activity in the issuance and distribution of securities are three:

1. Balancing of public budgets, federal, state and municipal. The abandonment of spending our way to prosperity, and a return to strict economy, with extraordinary federal expenditures confined to the unavoidable requirements of relief during the period of natural recovery.

2. A definite announcement by the President that the emergency is over and that there will be no more requests for emergency legislation and no more tinkering with the dollar.

3. A revision of the Securities Act which will permit the marketing of long term securities and make possible a revival of the capital goods industries. The passage of a Federal Stock Exchange Act which confines itself to the prevention of abuses of speculative practices and which shall not vest the management of the financial affairs of the issuers of securities in a governmental agency.

SILAS H. STRAWN  
*Winston, Strawn & Shaw*  
*Chicago*

### It Makes a Difference

I WANT to quote from a statement made by A. A. Berle, Jr., in the October 29 edition of the *New York Times Magazine*:

Those of us who had the privilege of working on the original plan began with  
(Continued on page 78)



FOR NATION'S BUSINESS BY AIKINS

A. L. Killian, Cedar Rapids, Iowa, merchant and Fred W. Sargent, President of the Chicago & Northwestern, exchange brief comments. Behind them are F. M. Sackett, Jr., former ambassador to Germany, A. W. Robertson, of Westinghouse Electric, and Matthew S. Sloan, Chairman of the Board of the Missouri, Kansas and Texas

on capital was distributed to millions of small investors. It represented the income on their life savings, and their reserve for times of depression or for old age. Probably not one bil-

lion of the total national income was distributed to men of large means and if this sum had been distributed *pro rata* among the 45,000,000 workers of our country, it would have meant less than eight cents per day per worker.

In the moment of crisis, I know that we all felt the truth in the President's address to you, when he called



# What's Ahead in Washington

## W. M. KIPLINGER Offers Another Monthly Sweep-Up

**Dear Mac:** BEFORE starting to talk specifically about what's ahead in Washington, I'd like to wrestle with some of the general questions which you asked.

I remind you once again that what I have to say is said as a *reporter*, not merely of Washington, and not merely of business problems, but of the relations between the two. It's like riding two horses. This is exactly what you've got to do all the time. You can't sit astride of your business horse and ignore the Washington horse, and you can't get along merely by cussing the prancing Washington horse.

You must understand them both and ride them both—without falling off. Reporting Washington with this dual perspective is a tough job. But so is yours, and that's my consolation. Let's see what you and I can make of things.

### Business Reaction

YOU asked what business men in other regions and other lines than yours are saying and thinking these days about Washington. On the basis of my incoming correspondence, plus conversations with many big and little business men, plus reports from trained observers, I would put it this way:

Business men as a class, lumped together and weighted according to their influence, are critical of the Roosevelt Administration, but not hostile.

They are more critical than a year ago, or six months ago, or one month ago. Obviously the critical attitude is growing.

Open hostility is probably more limited than newspaper headlines would suggest, for disagreement makes better news than agreement. Open hostility, along with moderate criticism, is increasing, but the preponderance of business sentiment is still on the side of thoughtfulness and moderation.

I think it is a good sign, not a bad sign. It shows that business men are recovering from the supine attitude which they have displayed for the past year or two, and are thinking of political action as a joint problem for government and business. The expectation that the Government would do everything for everybody is fading. The passing of the phase is accompanied by a good deal of grumbling. It is the grumbling which goes along with recuperation.

Business men as a class are apt to be like every other class, and to think their interests are the whole thing. They are always realistic, but sometimes on too small a scale. If this applies to you, chew on it, and I'll give it point later.

You asked where the business dissatisfaction with Washington is most marked. First, in the Chicago area, due probably to the fact that the Chicago area is served by powerful newspapers which are more vigorously opposed to Administration policies than papers in any other region. Second, in the Minneapolis-St. Paul area, due perhaps to AAA irritations. Third, in Wall Street, due to the Roosevelt financial reforms. Fourth, in New England, due to the traditional conservatism of New

England business men, and perhaps also to the fact that New England is years ahead of the balance of the country on internal reorganization of its economic order, and thinks that it is less in need of the Rooseveltian reforms than other sections.

### Washington Reaction

YOU asked what Washington thinks of business men. I'll have to divide the question into several parts and deal with them separately.

First, there are the newly arrived theorists in government—the Tugwells, the Franks, the Howes, the Margolds, and some (but not all) of the Frankfurter boys. They think most business men are just plain dumb. They think business men individually know how to do their own particular little jobs, but have no sense of the big job of coordinating the economic machine as a whole. They think only theorists and philosophers can be relied upon to blue print the big job. Hence the theorists and philosophers think they are the real "practical men" of the future.

Members of the left-wing fringe of administration advisers honestly want to establish a better system of things in which profits will still exist, but be subordinated to the service motive.

They doubt whether business men as a class can ever get this service motive into their heads. Hence they feel that business men must have it pounded into them, and that those business men who are flexible, liberal and understanding will survive.

But the great bulk of Washington officials, who really control here, are much more tolerant. They think business men are essentially all right, perhaps a bit narrow-minded and selfish, like most people. They think that business men must supply in the future most of the initiative, the enterprise, the power to make the machine run, but that Government must do more and more of the steering, the accelerating and the braking.

In ability to perceive the meaning of the new political order, and to understand the reasons for it, and to make adjustments to it, I would put the much-maligned industrialists ahead of any other class of business men. (Manufacturers, as a class, have certainly done their job better than any other class among us.) Second, I would put a class of the bigger distributors. Near the bottom of the list I would put the financial men, with the commercial bankers somewhat higher than the investment bankers.

At the bottom of the list I would put brokers, who are more devoid of understanding of political and social forces than any other class. (There are exceptions to all these ratings.)

### Washington's Strength

YOU asked how it happens that Washington can get away with all the things it does. The answer is simple. The Federal Government is the only agency which dares speak for the public as a whole, and which is supported by a great majority of the public. If it steps on your toes, it



probably was authorized by the public to step on your toes. Government is merely the agent. If it steps on too few toes, public support will be withdrawn. If it steps on too many toes, support will be withdrawn. It's a nice problem as to just how far and how fast government can go with reforms.

The preceding isn't a technical explanation, of course. But I just want to remind you that when you are dealing with government, you are dealing with public sentiment. You may think straight, you may be technically right, but if public sentiment is against you, you are temporarily out of luck.

The Federal Government is essentially honest and conscientious in its desire to do the right thing by the greatest number of people. Of course it has its petty crookednesses, such as the use of taxpayer money to build partisan machines to reelect the regime in power. And the Government is not always fair. It has its favorites. But in general intention and motive, the Government may be considered more honest than any other single agency or instrumentality.

## Washington's Weakness

IT SEEMS to me, on the basis of years of close-range observation, that Washington's perpetual weakness is lack of adequate brains.

There is never enough good brain power within a government to conduct the well-meant programs. If ability could be measured in a tin bucket, I should say that the Roosevelt Administration contains more gallons of ability than any of its recent predecessors. But the tasks which this Administration has set for itself are proportionately greater. The increase in size of tasks is greater than the increase in ability to do them.

Washington's great weakness, therefore, is not in its honesty, its intentions, its motives, or its zeal, but in its personnel. We don't have enough good men in Government to do the big things Government thinks it is going to do.

New administrations usually start with a bang, show a lot of blue prints, get things started while the band is playing, then discover a year or two later that they don't have the man power to follow through.

New administrators, especially of the reform variety, seldom learn their limitations, never appreciate the drags and the lags of human psychology, for a year or two. The Roosevelt regime has just begun to get a glimmer of an idea on this point, but it hasn't begun really to understand. The coming year is the year when understanding will dawn.

To improve the quality of upper-levels of government executives, two things should be done: First, pay higher salaries. Many good men are willing to step from private into public life, but they can't carry their obligations on government salaries. Second, temper the present system by which almost any man who comes up before the Senate for confirmation to high office is subjected to vicious attack by suspicious and often selfishly-motivated Senators.

## Recovery vs. Reform

YOU have asked repeatedly whether the motives behind current government policy are early, quick recovery or long-range reform. Truth is they are both.

It is generally acknowledged, even by high officials, that recovery is being retarded by reforms. This is acknowledged neither as a boast nor as an apology, but as a fact. It is the Roosevelt idea, shared by most members of his Government, that permanent recovery requires fundamental reforms, that reforms must be initiated while the going is good, and that going is good only at

times when conditions are not good enough to satisfy the public. This is the spirit behind many of the current government policies.

## Next Few Months

THE general policy during the next few months will be to establish a semblance of stability in government affairs. The hope is to give business a breathing spell, a bit of

a release from Washington harassments, opportunity to pick itself up and to demonstrate its ability to make activity and employment.

This new policy comes at an unpropitious time. The seasonal business decline started in May. And June and July are expected to be months of declining business volume. Whether the decline will be seasonal, more or less than seasonal, is a question not answered by all the business statistics. It is a guessing proposition, and the guessing is based largely on the volume of government expenditures. These are high, but not high enough to be a substitute for normal business operations.

It seems quite likely, therefore, that the next few months will be a period in which the beneficial influences which are always released by the end of Congress will be largely neutralized by the lack of normal momentum of normal business operations. The outlook seems neither good nor bad, but only fair.

Fall pick-up, evident in September, ought to be healthy.

## The Next Year

IT TAKES either courage or foolhardiness (I'm not sure which) to talk about the course of events during the next year. But you asked, so I'll risk giving you a hint of what

high authorities talk, omitting most hypothetical details.

During the past year the Government has set the stage for an economic system supervised, directed and controlled, in varying degrees, from Washington. The control may be lax, but it's there.

It seems as if business would rock along during the latter half of this year, with gradual improvement, but without enough improvement to take up the existing slack in employment. Hence government expenditures to make work, to make jobs, to provide existence for the unemployed, will continue on a large scale.

The period of testing of the new order probably will be delayed until next year. It might come sooner, but this seems doubtful. Thus in 1935 there will be either a healthy pick-up in business, and the assured end of the depression, or else a continuation of the faltering, and an inability of government credit to stand the strain of big outlays. In the latter event, it is reasonably certain that political pressure would force some kind of direct inflation. This inflation would sustain business for a year or two.

Any way you want to figure the possibilities, it seems as if business activity in 1935 would be considerably higher than in 1934. Whether it proves to be normal and healthy activity, or feverish and inflationary, is more than any reasonable person can know at this time.

## Dictatorship Extended?

YOU asked about the prospects for extension of "dictatorship." I don't know, but I think in these terms: We now have something resembling dictatorship, authorized by Congress and limited by Congress.

If business improves satisfactorily next year, there will be a gradual relinquishment of the broad powers now vested in the Executive, although there never will be a return to the hands-off policies of the pre-Roosevelt era. If business does not improve substantially, the Ex-



ecutive power is likely to be extended and used. Remember that business interests, ordinarily conservative, object to government supervision or dictation in normal or semi-normal times, but in a political pinch they prefer it to proletarian dictatorship.

The forces which made Fascism in Italy and Hitlerism in Germany are at work in the United States today. The pull and counter-pull of these forces will be felt for many years. They are not merely things of the moment.

This gives you a hint of why some of the responsible spokesmen for the Administration plead with business to cooperate closely with NRA, even if NRA is not all it should be. Our officials don't want the responsibility of extended dictatorship; they hope to avoid it. That's why they are so eager to make the present system work.

## Fall Elections

YOU probably can count on a growth of Republican seats in Congress and a shrinkage of Democratic seats, due to reaction against some of the Roosevelt policies. But the Democrats will keep control of the Congress, and Roosevelt will keep control of the Democrats.

Party differences will be grossly exaggerated during the campaign hysteria of the next few months. The Democrats will defend. The Republicans will attack. If the Republicans had some real leaders and a program, they would serve the nation better.

## Experiments

YOU asked whether Roosevelt will abandon his method of experimenting. Temporarily, YES, but permanently NO. There will be periodical pauses for testing and observation of the experiments and new measures already adopted. The next few months will be one of these periods. But for the long run the Roosevelt Administration is committed to a policy of experimentation.

Some thoughtful people feel that the Administration is careless with its experiments, doesn't localize them sufficiently, doesn't define the objects of the experiments, is too nonchalant. This creates the impression that the Administration doesn't precisely *know*. It is a fault to be recognized and corrected.

## Monetary

DOLLAR devaluation, for example, has not done what was claimed for it by Professor Warren, and the Administration is frankly disappointed. There are excuses that more time must be allowed, but the excuses are heard less and less from month to month. There's much less talk about higher prices.

There are no signs that the Government intends to reduce the gold content of the dollar from 59 to 50, the legal minimum, at any time within the visible future. If there were to be a great sag in prices the Government might devalue further, but it seems improbable.

Stabilization of the dollar in foreign exchange is indicated for an indefinite period. It isn't promised officially, but it is indicated unofficially.

Abandonment of the gold standard in the European gold block would be more welcome than unwelcome to our Government, for it would contribute toward a worldwide managed currency and higher world commodity prices, which our Government wants.

## How to be Happy

FRED SHELTON tells a story: Two professors, living a mile apart, visiting often, found the distance bothersome to walk. So they doubled the footage of the mile, thus making the distance a half mile. But it still took 20 min-

utes to walk. So they changed the standard of time, thus doing the half mile in ten minutes. But the books to be carried still weighed as much. So they changed the standard of weight, walked the half mile in ten minutes with light books, and lived happily ever after.

## Other Questions

MANY of your questions cannot be answered specifically in short space, but I shall try to give background outline, letting you fill in the details from day-to-day news.

*Silver:* The Administration is doing little things for silver, not big things. Its motives are primarily political, to hold the silver bloc in line, to take a small dose of silver rather than a big dose, to prevent extravagant monetary inflation. The economics of silver represent a matter in which the Administration has a long-time interest. Bimetallism may come, but it will take years and international action.

*Securities:* The administration of the Stock Exchange Regulation Act and the amended Securities Act will be moderate. All the powers in the laws will not be used. Most corporations will not be annoyed unduly by the reporting provisions. A few will feel that they are being "punished," but this is the price corporations must pay for having kept bad company in the past.

The investment business will be on sounder footing a couple of years hence than it has been in the past. Speculation will not be stopped, for men will always gamble, but the sale of gold bricks will be curtailed.

*Home building:* The Government has a new program for stimulating home modernization and home building. It is moderately beneficial for this summer and fall, but the active revival of home building still seems to be a development of next year, not this year.

*NRA:* As soon as Congress adjourns there will be a reorganization of NRA, a trimming of the program, an intensification of attention on the major industries, a postponement of attention on the smaller industries. How to enforce is still a problem.

NRA expires the middle of 1935. I think Congress will revise the law, but extend the system.

*AAA:* Remember always that AAA's main purpose is to get more money for the farmer. The whole thing will be in the experimental stage for at least a year. Meanwhile new attention is being paid to farm taxes and to national planning of agricultural production.

*Taxes:* Another new revenue act must be passed next year. It will raise more taxes than the recent law.

*Capital goods:* It is reasonable to expect healthy expansion of capital goods expenditures in the fall. If the Government plays its cards right, this will be the biggest force to pull us out of depression.

## Criticism

ONE great fault of the Roosevelt Administration is that with one hand it makes gestures of welcoming constructive criticism from those whose motives are good, while with the other hand it slaps its critics without much discrimination as to their motives. It invents epithets and wise cracks to apply to helpful critics. This is a sign of newness and lack of political experience. It tends to alienate powerful influences which are in sympathy with the Roosevelt regime 70 per cent, but not 100 per cent. Under such treatment the 70 is likely to shrink to 49.

Yours very truly,

*Wm. F. Anger*

May 11, 1934.





FOR NATION'S BUSINESS BY AIKINS

"Let's have faith and go out and clean up the difficulties and save the good."

**A**NY TIME when things do not go exactly right, we have a lot of reasons why. When we got into industrial difficulty we began to think of it as an economic depression. I believe that it was just as much an intellectual depression as an economic depression. I believe that it was the thinking ahead of the economic depression that produced it. Therefore I represent a small class of people who do not believe that the world is finished. I do not believe that the standards of living have to remain as they are, and certainly I do not believe that they have to go backward. To my notion a standard of living is a proper utilization of the materials which are native in the country where that standard pertains.

While I have no statistics to bother me, I do not believe that anyone can show that this country does not have, in a large measure, all the essentials for just as magnificent a standard of living and just as magnificent accomplishment as its people are able to think. Consequently, I think a standard of living is, first, a question of thinking. If we are what we are from our thinking, you know what I think about our thinking.

**A**NOTHER important factor that we need to consider at this particular time is where we are with regard to

the factual things of the world. Do we know for sure?

It is my impression, and I am associated with direct scientific development to a large extent, that we just don't know anything about anything for sure.

It is only within the past year that we have found out that we only knew half about the simplest of all the elements—hydrogen. Elements go on up to a complication of about 86 times that of hydrogen, and if we only knew half about the simplest one it is unnecessary for me to say how much we know about those that have the 86 times complication which perhaps goes up as the square. I don't know.

But the greatest mistake we can make is to assume that the factors which govern us today are going to govern tomorrow. By that I do not want you to think that I am against planning. I am very much for planning, but I am rather reluctant about acting. I do not want us to set our course too positively.

I believe we are going to be as intelligent tomorrow as we are today, and certainly we ought to know a little bit more tomorrow than we do today, because of today's experience. Let's not throw away that valuable thing which comes from first-hand experience as we go along the road.

I can conceive of nothing that would be more foolish than for us to say the world is finished.

**T**HERE is only one thing that I fear in this whole question of codes, and that is, that it is difficult to do developments under a code; in fact, I don't think that any committee could develop anything anywhere, because it couldn't agree on a method of procedure.

When we were trying to develop ethyl gasoline, the thing that was likely to defeat us was the fact that we needed a material known as bromine. Perhaps some of you fellows only know it because it is in Bromo Seltzer. When we went into this business, the total production in the world was 800,000 pounds a year. It is evident that, if our work was going to go, we would need perhaps a million pounds a month.

The great bromine company in this country is the Dow Chemical Company at Midland, Mich., and we worked with them. We drilled a large number of new wells and they have been our great source of supply. Finally our consumption of bromine reached something more than 1,200,000 pounds a month, and it was imperative that we get bromine from some place else.

About six or seven years ago we



# "Ket" and the Way He Talks

CHARLES F. KETTERING officially is president and general manager of the General Motors Research Corporation. Unofficially he has more unanswered questions in his mind than any other business man in America. He was asked to come to the annual meeting of the United States Chamber of Commerce to talk on the future of the automobile industry. He talked a little about that and a good deal about other things. He asked why grass is green and explained that he had a foundation for research into that subject. He wants to know why you can see through a pane of glass. He wants to know a hundred things and yet his unceasing questioning is always helping him into new things that are commercially worth while. Here is the way he talked at a luncheon of the U. S. Chamber of Commerce. It is a reflection of a flashing mind and the next time you step your foot on a starter button or turn on the lights in your automobile, bear in mind that if it was not for Kettering, ("Ket," his friends call him) you might not have had those things in your car.

tried out an elementary experiment of extracting bromine from sea water. There is one pound of bromine in every ten tons of sea water.

We developed a process of extracting bromine from sea water, and we built a boat known as the Steamship *Ethyl*. We went to sea and obtained some 50,000 pounds of bromine, I think at a cost of \$500,000. But that was unimportant because, in a co-operative research between the Dow Chemical Company and ourselves, we were able to improve the method so that a plant was opened about 20 miles south of Wilmington, N. C., that is today extracting bromine from sea water at the rate of about 500,000 pounds a month. Today we see no limit to the amount of bromine which we could have if we needed it.

Now the point that I want to make is this. When you are talking about five-thousandths of one per cent as your base material to work with, it is perfectly easy to see how you can get a committee to disagree as to whether or not you can extract that.

THIS AGE is going to go down as the symbolic age; it is the age of symbols; it is the age of formulas. In many of our great institutions, be it economics, finance, or what-not, we have looked at the formula and we haven't tried the experiment, and when the experiment was tried, it didn't fit the formula.

I am a great believer in all sorts of scientific activities and we use in our institution the finest physicists, chemists, engineers and mathemati-

cians that we can get; but on account of a thing being newer than something else, we sometimes go to that without any regard to its relative value, and in the last few years, on account of the facilities with which we could do mathematical formulas, we have been figuring out a great many things by mathematics and, therefore, regarding them as final.

The mathematician doesn't believe that at all. He knows his formula can tell him no more than what he puts into it, but a great many people who don't know that simple thing begin to regard the finality of that formula as something extraordinary.

LAST YEAR when I was in London they showed me a moving picture, taken with one of these high speed cameras, taking 5,000 pictures a second, of a cat that had been held up, feet up, and then let drop. Of course, the cat turned over and landed on his feet.

This picture showed every movement of every muscle of the cat as he turned over. A man had taken the time to develop the mathematics of each particular motion.

He said, "It is perfectly remarkable how one of these equations dovetails into the other, and how the thing cancels out to zero."

Well, of course, the cat landed on his feet. The point that I want to make is that, if the cat had tried to figure out how to turn over by the use of the mathematical formula, he would have landed on his head. But the cat didn't need to know the mathematical formula because he had the feel of the situation. Therefore, I want to point out to you, if you use a formula and you haven't got the feel of it, you are running right straight for a rock because, if you had the feel of it, you wouldn't need the formula.

I have no objection to the use of the formula while you are getting your sensibilities together and developing a mental attitude that will help you get your feel, but when you execute, you have to execute by the conditions of the day under the situations which you have at the moment, and that can only be done by feel and by sensibility.

IN any experiment, whether it be social, whether it be economic, certain fundamental principles are necessary in the way of doing an experiment. First of all, you have to know where you are going before you start an experiment or you won't know when you get there whether that is where you want to be.

People say to us, "How do you get your problems?"

I say, "We try to solve a problem



by overcoming a difficulty which exists, and therefore we set our objective."

The next thing is we must attempt an experiment of some kind and that experiment is always the least thing that you can do to determine the way. That is the minimum experiment that you can do. That will split your problem in two. For instance, if there are a number of people in a room and I want to find one man, it is easier for me to draw a line through the middle and find out which side he is on. So the first experiment you like to do is the one that will say it is in this half of the problem or that half of the problem. The next thing is to divide the half and so you finally work on until you corner the problem and know where he is.

Then your real job begins—the solving of the problem. The first thing is to find the problem and the next thing is to solve it. I will give you a specific illustration of that. I have going on at a little college in Ohio, Antioch, a research I have been working on for 25 years. That is to find out why grass is green. That is an important problem and the more you study the more important you find out it is.

I have set up a research there for ten years with the hope that by that time we will at least know in which half of the possible places that problem is, and I don't expect in my life for the boys to bring it out all polished up and say, "There is the solution to your problem."

But I do know how to approach that problem, and I think that the same principles are just as necessary in the solution of any problem, whether it be economic, social or what-not—first of all pick what you are trying to do. Get an objective first. Sometimes it is all right to shake the thing up a little bit to see whether you want an objective. Maybe you are perfectly right as you are.

So that in the analysis of any research problem, you first have an objective. Then you finally get it definitely defined and then you have to bring all the finer things of science in, maybe, to solve that particular problem.

A GREAT physician said to me one time, "What are you worried about?"

I said, "So many things that I am wasting away."

He said, "What is the most interesting thing you are worried about?"

I said, "How I can see through a pane of glass. That is worrying me and has been for years. I don't know how I can see through a pane of glass at all."

He told me, "You can see through

the glass because it is transparent."

If you turn to your Webster you will find "transparent" means something you can see through. We are kidding ourselves a great deal because we just know so little about anything. We don't know what this thing of magnetism is, we don't know what electricity is. We start out with maybe a positively charged particle and it may be negative. But what are they? We don't know, but we think we know when we call them positive and negative charges. They have found out a lot about particles and neutrons and deuterons and all kinds of "trons," so our science today is in confusion because we don't know the fundamental principles of a great deal of it. I don't want anybody to think I mean that, because you don't know the fundamental of the thing, you shouldn't work at it, because only by working at it can you finally frame up the whole picture.

WE HAVE so many problems in front of us from the material standpoint that we hardly know where to start. We have an enormous number of problems because we know so little. For instance, you rub your hands together and your hands get warm.

I say, "What is that?"

"On account of the friction."

If you ask somebody to give you a definition of friction he will define it by naming it something else. I could tell you some very interesting stories about some work we have done on lubricating oil. We used to think positively that we knew what a lubricating oil did and so we had occasion to run some interesting oil tests and they checked exactly with the formula. In other words we could measure the viscosity of the oil and tell exactly what the machine was going to do.

A few of us didn't believe that viscosity or the body of the oil had anything to do with lubrication. I asked a group of our boys to select the material of a certain general class that would be the least likely to be a lubricant. They selected a material which wasn't a liquid at ordinary body temperatures, it was a gas, and yet the fundamental of viscosity prescribed it being a liquid.

We loaded a bearing up gently at first, and gentler still. The normal load it had been carrying was about 6,000 pounds per square inch. We started with 100 pounds per square inch, the same as the lubricating oil. To make a long story short we stopped at 30,000 pounds per square inch because we ran out of weights.

Out of that has come a new material known as extreme pressure lubricants, which practically all the

oil companies can furnish. I am only mentioning that because it is so easy for us to get a set rule, a method, a formula, or yardstick by which we think, and that is all right if the yardstick covers the whole thing.

RESEARCH and development work gets harder every year because, as the refinement in bookkeeping improves, the difficulty of research increases, because some bookkeeper wants to know what return you are going to get on that particular investment. You don't get return on that kind of an investment, and any fellow who sets out deliberately to do a great thing or to develop an industry fails because that isn't the way they are done.

You do these things because you want to do them, and you can't answer why. You are just that kind of people yourself. I don't care how good you are on bookkeeping and how much return on capital and how much budgets and forecasts you have, when it comes down to buying the things that you or your family want, you buy them because you want them and you don't do it for any other reason.

How much return do you make on your dining room table? Unless you shoot craps there I don't think you get any. How much return do you get on the rug? Why did you buy that rug? Why did you buy that picture over there? How do you expect to earn on that? But just the minute we step inside the office, all of that human desire and human reaction step out, and you pick up that awful balance sheet you say, "The index on this is wrong."

You don't grow businesses, you don't build businesses on index, you do them on human feelings the same as you do any other things of life and that is what we are driving out by formulation.

You have to recognize that you do a thing because you want to do it—because it seems sensible to do. When people talk about ironing everything out, getting uniform production the year round, the best thing to do is change the seasons because, as long as it is going to be hot in the summertime and cold in the wintertime, you can't sell overshoes and palm beach suits at the same time.

YOU have to think about things from their fundamentals and not get absorbed in the environment too closely or you lose your perspective. But there are a few things that I can say right from the depth of my heart:

I am not discouraged about America or American industry, and I am certainly not discouraged about the

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Under the Agricultural Adjustment Act, 10,000,000 acres of young cotton was plowed up

# Why Fear Cotton Crop Control?

By JOHN H. BANKHEAD

U. S. Senator from Alabama

**M**UCH criticism has been leveled at the cotton reduction program. Objectors have assailed the efforts of voluntary reduction and also the semi-compulsory reduction plan proposed in the Bankhead Cotton Control Bill. Practically all of these objections have come from theoretical economists and politicians who cannot engender any enthusiasm over the success of the present Administration. Very little opposition has developed from those who know the cotton business or from newspapers, bankers, merchants or others in the Cotton Belt.

Those who live by cotton and with cotton understand the need for a more reasonable relation of supply to the consumptive demands of the market. It has been thoroughly demonstrated that sentiment in the entire Cotton Belt on the necessity for such a reduction is as nearly unanimous as it has ever developed on any economic subject. When the importance of a fair price for cotton and its effect upon our national wealth is properly appreciated, it seems rather strange that the will

of the people directly involved, in the light of their knowledge of what they need, should encounter criticism and resistance from politicians and theorists in other sections.

Cotton has been the largest factor in the increase of our national wealth as a result of foreign trade. A higher percentage of the annual cotton crop is sold abroad than any other industrial or agricultural commodity produced in the United States.

Exports of the United States from 1791 to 1933 totalled \$150,000,000,000. In this period, merchandise exports exceeded merchandise imports by \$36,600,000,000. That amount constitutes our net balance of trade from the time our Government was established. In the same period, exports of unmanufactured cotton totalled \$30,000,000,000. From 1826 to 1933, inclusive, all exported cotton manufactured goods were valued at \$3,-

**LAST** month in these pages a farmer declared that Government control of production would ruin agriculture. Here the author of the bill looking toward compulsory cotton crop reduction explains why he considers this program essential to the nation

750,895,000. Without cotton, our balance of trade and the increase of our national wealth from foreign trade for 142 years would be only \$2,849,105,000. Cotton has supplied 92 per cent of the total amount constituting our balance of trade since our Government was established.

Normally we produce about 15,000,000 bales of cotton a year. Our domestic consumption is about 40 per cent, or 6,000,000 bales. The balance



finds buyers in foreign countries. In other words, 60 per cent of our annual cotton crop brings new money to our country.

With the exception of a few industrial sections, the people on the farms and in the towns in the entire Cotton Belt depend upon cotton for their supply of money. Excluding the border states, it is probable that less than 15 per cent of the industrial commodities bought by the people in the Cotton Belt are produced within that area.

Every mail every day carries checks to other sections of the country—chiefly to the industrial and financial centers outside the Cotton Belt—to pay for shoes, hats, clothes, farm implements, automobiles, radios, and all the other articles of general use and consumption.

### Cotton helps other sections

IT should also be borne in mind that most of the mortgage indebtedness in the Cotton Belt is held outside of that section. Most of the life insurance companies who do business there are located in the East and North. Most of the railroad bonds and stocks and utility securities are owned elsewhere. The dividends, interest and premiums flow out of the Cotton Belt. The money paid to farmers for their cotton trickles into the towns and then to the cities in that section and on to the industrial and financial centers elsewhere. A reasonable supply of purchasing power in the Cotton Belt stimulates the operation of industrial plants in other sections to produce commodities for sale to the cotton producers. As practically all of the money received from the sale of cotton moves each year into other sections, it is astonishing to find, in the industrial sections which are directly benefited by a good price for cotton, so little sympathetic interest in the welfare of the cotton producers.

It seems that the experience of 1931 and '32, when the purchasing power in the Cotton Belt was practically destroyed, would have impressed them with the importance of a good price for cotton. I am at a loss to understand why, on an economic problem involving the welfare of such a large area, the representatives of the Republican Party in Congress have so unitedly opposed any program advanced by this Administration looking to the rescue of agriculture.

In 1919, the farm price for the cotton crop was \$2,034,558,000. In 1929, it was \$1,200,000,000, in round figures. In 1931, it fell to \$485,000,000 and, in 1932, to \$394,000,000.

Disaster and despair gripped the

people of the South! The average farm price during these two years was six cents a pound. That was the market price when Mr. Roosevelt was inaugurated.

What was the reason for such a low price? Was it due entirely to the

gear the supply to fit the market demand.

The farmer plants his crop in the spring. He has no further control over his production. Two million cotton farmers scattered from Virginia to California, and occupying varying



Agricultural Department workers preparing checks to be sent cotton farmers who cooperated in the reduction program

depression? Was the price out of line with the average index level of industrial commodities which the cotton producer must buy, and if so, why?

Accepting the pre-war period, 1909-14, as representing a fair exchange price level between all commodities and rating them at 100 per cent, we find that the average price of industrial commodities bought by the farmers did not descend below 106 per cent while the price of basic agricultural commodities went down to 56 per cent.

It is true that in all depressions the price of agricultural commodities goes down faster and further than do the prices of industrial commodities. The reason is found in the age-old trade law of supply and demand. The manufacturer estimates the cost of each unit he produces and sends his salesmen into the markets to find buyers at a price fixed by the manufacturer which gives him cost of production plus a reasonable profit. When he finds sales resistance and when it develops that effective demand for his products has decreased, he does not continue to operate his plants at full capacity and offer in the markets for sale all the units that he can produce at any price they will bring. Good business prompts him to reduce production.

The units producing a particular industrial commodity are limited in number. They can act in accord. They

relations in life, cannot voluntarily act in accord in the matter of gearing production to meet consumptive demand.

Each individual proceeds in his own way with his production. When his cotton is harvested he takes it to his local market and asks the buyer what he will give for it. He must sell all he has produced. He must take any price offered. He has no say whatever as to what price he will get for his commodity.

### Industry doesn't run at capacity

SINCE industry can regulate and restrict production in the face of a developing depression, it is in position to put the brakes on and retard falling prices. The agricultural producer has no such power.

He must pile into the market places during a short period of the year the products of his entire year's work. In the absence of sufficient consumptive demand for the entire crop, the farmer has no way to retard declining prices.

No sensible person can ignore the trade law of supply and demand. The high value of gold and diamonds is due to the scarcity. Leaves and the sands of the seas have no commercial value because of their countless numbers.

Those who exclaim, "Let nature take its course," in the matter of agricultural production blindly close



their eyes and beckon to the gods of grief to overwhelm the tillers of the soil.

They insist that agricultural producers should clothe and feed the world by working long hours and cultivating their entire farm capacity, even though such action pauperizes the farmer.

I have heard none of these apostles who so vigorously proclaim in favor of personal liberty and the duty of the farmer to produce more than he can sell at cost, insist that the farm implement manufacturers, the fertilizer companies, and the steel corporations should operate their plants at full capacity and work their employees longer hours and full time, and sell their products at whatever price they would bring in order to avoid economic waste.

### Larger acreage planted

THE Agricultural Adjustment Act was passed in April, 1933. As a result of the widely publicized statement of the declared policy of that Act to restore agricultural prices to parity levels, and of the farmers' very great faith that President Roosevelt would bring about better prices for them, the area planted to cotton was increased about 4,000,000 acres. The

carry-over of American cotton was then 13,000,000 bales—by far the largest in history. The consumption for the preceding three years had averaged about 12,000,000 bales. Production had averaged about 15,000,000 bales.

Every student of the subject recognized that it was necessary to reduce that great pile of surplus before cotton could take its normal place in the general price structure. It was then too late to take cotton land out of cultivation.

Before officials had been selected to administer the Agricultural Adjustment Act all cotton had been planted.

Under ideal weather conditions, it was known that, with another bumper crop of cotton, the situation would be hopeless for a number of years.

To avoid that calamity a small group of cotton states Senators, of whom I was one, sponsored the plan to plow up a substantial part of the planted crop and to pay the producers a reasonable price for doing so. Twenty-five per cent, or 10,000,000 acres of young cotton, was destroyed. Good cotton weather continued and, on the remaining acreage, as much cotton was harvested as was harvested the preceding year. Thirteen

million new bales found their way to the market.

To those who protest against that destruction, I beg to point out that every year every farmer destroys a large proportion of the cotton which comes up as a result of his planting. Chopping season destroys more cotton plants than were plowed up last year. The plow-up was merely an enlargement of the cotton chopping practices.

If it is economically unsound to destroy living vegetation, how could we ever have had any farms? It was necessary to destroy all the trees on the land before it could be planted. The cry against destruction is whimsical nonsense.

While we did not obtain the reduction hoped for last year, we avoided a crop of 17,600,000 bales. That large quantity added to the biggest known carry-over would doubtless have resulted in a price of three or four cents a pound if there had been any market at all. And still we hear people insisting on "letting nature take its course."

Increased consumption reduced the carry-over to 11,500,000 bales. The average carry-over for the pre-war period, 1909-1914, was slightly more than 3,000,000 bales.

The necessity for a definite and certain reduction in production this year is obvious if the farmers are to get a price that will approach the cost of production.

### Intensive cultivation was possible

THE Agricultural Adjustment Administration, in recognition of that fact, inaugurated a campaign to rent 40 per cent of the 40,000,000 acres which were planted last year to cotton. All persons familiar with cotton farming knew that, even if that campaign was 100 per cent successful, the number of bales which would be produced was left wide open, and depended upon many other factors.

We knew that millions of acres which had not been planted to cotton in recent years—much of it never planted to cotton—were being prepared for cotton cultivation this year.

We knew that, by the application of fertilizer, intensive cultivation, and the selection of the best cotton land, as many bales could be grown on six acres as are ordinarily grown on ten.

The fortunate part about our situation is the fact that the cotton farmers understand the operation of the law of supply and demand. Individually they cannot make that law effective.

It developed that more than 90 per cent of them wanted Congress to  
(Continued on page 54)



The people of the Cotton Belt are customers for shoes, hats, clothing, radios produced in other sections



# No Business Can Escape Change

New days inevitably bring new needs and, just as inevitably, new things to fill those needs

With a recently developed communicating system for home or office one merely presses a button and talks. It can be answered from any part of a room, permits identification of callers without going to the door, listening in on the nursery, etc. . . .

There's a new easy lounging chair, in each wing of which is a small panel of frosted glass concealing electric lights which illuminate the sitter's book or newspaper. . . .

A new, compact, kitchen wall cabinet houses a roll of waxed paper, ball of twine, memo pad roll, pencil holder, displays a calendar, thermometer, egg and baking timers. . . .

Cooking time's cut by a new cast-aluminum, automatic pressure cooker which whistles when ready to be removed from the fire. Steam pressure prevents removal of the cover until the steam's settled. . . .

Another of life's little nuisances is ended by a new liquid compound which, applied to bottoms of refrigerator ice trays, keeps them from sticking. . . .

For picnickers: a new eight-pound, folding, portable stove; a new welded steel park stove, fire pan of which adjusts up or down to control intensity of heat on food. Both burn wood or charcoal. . . .

A gasoline-motor powered refrigerator has been developed for rural districts. Compact, quiet, the power unit has also been applied to a new portable milk cooler, a new ice-making machine. . . .

A new paraffined paper milk container has a winged top closed by a metal clip. It's formed from a blank sheet of heavy paper by an automatic machine which also sterilizes, fills and caps it. . . .

A hard, grainless wood fiber board having glass-smooth finish, deep brown color has been developed. Offered in several densities, it's said to be easily worked, practically impervious to weather. . . .

With a new secret latch for hinged doors, panels, etc., no hardware whatever is visible when the door's closed. The latch is engaged or released by a slight push on the door. . . .

Embodying an adaptation of the piston ring idea, a new expansion joint for steam or other piping can be completely re-packed while the line is operating under full pressure. . . .

A new heat insulating medium for refrigerators, furnaces, etc., is made from silicic acid, is said to stand temperatures up to 1,500° F., to have insulating power ten per cent greater than still air. It's expected to be on the market soon. . . .

Extreme hardness, resistance to abrasion and alkalis, moisture proofness are said to distinguish a new coating for concrete floors. It needs no under-surfacer, comes in colors. . . .

A recently developed fungicide of colloidal sulphur is said to be non-caustic to foliage, fruit, operator, to be highly toxic, to have great adhesiveness. . . .

Operation of burglar alarms, display-window lights, numerous other uses are seen for a compact, sensitive new electromagnetic device actuated by the mere approach or touch of a living body. . . .

A new remote-control cash drawer operates from any light socket, locks at the press of buttons located at distant points. Two keys are needed to unlock it thereafter. . . .



Tubular lamps which can be placed end to end to form a continuous sectional line of light have been developed. Each end of the lamp has a metal contact

Also electrically operated, a new locker for larger sums can be wired to send a silent police alarm when the combination's dialed, stays locked for 15 minutes after dialing. . . .

A handy, pocket-size fastener is offered for wire-stapling jobs which must be done away from desk or bench. It has a visible, easy action, takes 105 staples at a loading. . . .

A new chrome metal frame can be adjusted to fit vari-sized pictures. Quickly fitted, it can be used repeatedly. . . .

Garagemen are offered a new gun-like device for quickly flushing radiators, engine blocks. Speedily adjusted to the hose connection of any car, it shoots water through under air pressure. . . .

The arm of a new rear-vision truck mirror bends but doesn't break under impacts from sideswipes, etc. It's rubber. . . .

Screws, nuts, studs are set to predetermined tensions without jolt to the operator by a new electric machine, driving time of which is said to be a third that of previous methods. . . .

Specially designed for the baking industry, a new machine washes, rinses, dries bakery pans automatically. . . .

Coin-operated, a new electric bootblack first dusts, then applies polish to and shines both your shoes at once. . . .

In flakes pressed thin and flat, a new form of coffee is said to brew much more quickly, yield much more extractive, be much more economical to use. It's not yet on the market. . . .

Change comes even to the mustard business. Spoons, paddles are out with a new brand. It pours, like ketchup. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on these items can be had by writing us.



# The First Year in Milk Planning

By PAUL H. HAYWARD

**JUST** a year ago the Agricultural Adjustment Administration tackled the milk problem. Its expensive experiments, first with one plan, then another, show the difficulty if not the impossibility of a "planned economy" for a nation-wide industry

**S**ECRETARY of Agriculture Henry A. Wallace's dairy experts having marched up the milk-control hill and marched down again, it is a matter of timely interest to review the curious adventures in economic planning of this division of the Agricultural Adjustment Administration's forces. The adjective seems deserved, for here is a campaign which finds the AAA forces, save for the effectuation of a few marketing agreements, back about where they started from a year ago and the dairy industry, which they sallied forth to adjust, spurning AAA salvation in terms more positive than polite.

Passage of the Agricultural Adjustment Act in May, 1933, found the dairy industry in a highly unsettled state. Producers' strikes had flared or threatened in New York State, Illinois, Wisconsin, Indiana, Ohio, Michigan and Iowa. Much milk and a little blood were being spilled. Several state legislatures had made piece-meal attacks on the milk problem. New York and New Jersey had passed bills establishing boards to fix milk prices. The Ohio legislature was proposing to socialize the industry, and governors of middle-western states were meeting in Chicago to consider a threatened general strike.

Back of all this lay the simple fact that the delicate balance between milk supply and consumer demand had been wrecked. Production ultimately stood so far above demand that markets were glutted and prices disrupted.

Tariff protection, increasing consumer demand, improved technique and low grain and feed prices in the earlier post-war years had placed the dairy industry in a highly favorable position as compared to other



Increasing milk production ran head-on into declining demand

branches of agriculture and thus had stimulated its growth. The 22,300,000 milk cows in the United States in January, 1929, grew to more than 25,000,000 in January, 1933. Milk production jumped from 87,000,000 pounds in 1924 to nearly 102,000,000 in 1932, a *per capita* increase from 768 to 812 pounds. In 1925 dairying supplied 14 per cent of total farm income; in 1932, 25 per cent.

This increasing production ran head-on into a decline in consumer demand as the business depression deepened. Then-existing prices and lessened incomes forced milk, butter and cheese off the grocery lists of thousands of families. Unfortunately,

ly, however, the milk flow could not be turned off, like water from spigots, to match this lessened demand. Production continued to mount even in 1933, increasing four per cent in the first eight months over the corresponding period of 1932, and this in the face of a three per cent decline in consumption. Surpluses of dairy products grew. Creamery butter in storage, for example, reached a record level of 175,000,000 pounds on October 1, 1933, as against 89,000,000 pounds a year earlier. Prices of dairy products cracked, then crumbled. Their index number, which stood at 140 per cent of pre-war in 1929, fell to 123 in 1930; to 94 in 1931; to 71 in 1932 and wound up at 59 in March and April, 1933. Dairy income in 1933 fell to half that of the peak year.

## Controlling milk

BOTH political pressure and statistics invited Washington to take a hand following passage, in May, of the Agricultural Adjustment Act. It designated milk as a basic commodity and, therefore, open to control provisions. Before the month closed Dr. C. L. King was named director of AAA's milk and dairy administrative program and a committee from the Bureau of Agricultural Economics began a study of possibilities for assistance to dairying. This committee

shortly reported that the problem was extremely complex and that the greatest immediate possibilities for assisting dairymen lay in giving them more money for their products. This suggestion was as far as the committee went at the time.

On June 26, some 350 representatives of producers, distributors and manufacturers of dairy products met in Washington and were greeted with a warning from AAA Co-Administrator Charles J. Brand that the AAA was prepared to license the whole dairy industry if necessary to control recalcitrant minorities. A resolution asking Secretary Wallace to require operating licenses of all dis-



tributors and processors was unanimously adopted by the dairymen. They thought better of this before the day was over, however, and decided to ask licensing only where necessary to enforce marketing agreements. A number of such agreements were already being formulated. All branches of the industry shied off from production control plans in these, however, and staked their hopes chiefly on price-fixing and fair trade practice provisions.

On June 30 President Roosevelt, as an aid to the handling of milk and foodstuffs problems, delegated to Secretary Wallace all authority in these fields provided in the Industrial Recovery Act, save that pertaining to wages and hours. Thus fortified, Secretary Wallace on July 13 announced that the AAA would use its licensing powers to enforce all approved marketing agreements.

"Licenses will be issued to all processors and distributors of milk in the area covered by the agreement," the AAA announcement stated, "whether or not they have signed the agreement, so that uniformity of milk prices and distributive practices may be attained."

The teeth behind this order was a fine of \$1,000 a day for violations. This announcement, incidentally, marked the first swinging of the big stick over a trade group. But it was to prove a futile gesture.

accompaniment of violence. In this area especially, roadside-stand operators had complicated the milk situation. With the decline in value of manufactured dairy products, certain dairymen had turned to the more lucrative fluid milk market and, along with many dealers, were selling milk at cut rates through these stands. The licensing feature of the agreement, the club to beat the warring factions into line, was incorporated after long debate and a final White House decision. The pact went into effect on August 1.

### Constitutionality questioned

BUT THE agreement, which included the fixing of a blanket retail milk price of ten cents a quart (cash-and-carry stands had been selling it for 6.5 cents) met immediate legal challenge. Independent distributors initiated court action to test constitutionality, and operation of the agreement was held up pending a ruling.

Meanwhile production continued to mount throughout the country and the price situation to grow worse. Dairymen in other centers were growing restive because of AAA's slow progress in approving marketing agreements. Secretary Wallace's harried forces, therefore, announced on August 12 that they were drafting a blanket marketing agreement to apply on a national scale pending

also initiated at about this time, pending outcome of the Chicago test case.

On August 17 a committee representing mid-western milk producers, creamery and cheese factory interests and others met with Secretary Wallace and AAA officials. About 20 hearings on marketing agreements had been held by that time, and only one had been approved. Dairy interests from several cities, notably Detroit and Philadelphia, warned AAA officials that, unless their agreements were quickly approved, their programs faced failure.

Also at this meeting, to quote Administrator C. C. Davis' report:

"Members (of the committee) urged quick action to sustain the prices for butter and cheese. Even then the dairy leaders were reluctant to advocate production control but united in requests for stabilization with Government aid. Because of the situation, the Secretary decided to grant the request in a limited way, with the definite understanding that some plan of production control would be worked out with the support of the industry. The Administration agreed to advance funds in a temporary surplus removal program, in cooperation with the Federal Emergency Relief Administration."

### Butter buying begins

THE AAA allotted nearly \$12,000,000 for butter and cheese purchases under this plan, and from August 17 to October 25 more than 11,000,000 pounds of butter were purchased and distributed to the needy.

On August 21 AAA officials, producers and distributors began conferences on production control plans.

On August 23 the blanket marketing agreement, announced by AAA on August 12 as being drafted, again bobbed up in the headlines. Dairymen were joining in the drafting, it was reported, and minimum and maximum prices were to be fixed. These would increase retail milk prices on an average of not more than a cent a quart, AAA officials were quoted as believing.

On August 25 Secretary Wallace finally placed the Philadelphia agreement in effect and on August 27 the Detroit agreement.

On August 30 the eagerly awaited decision on the Chicago test cases was handed down by the District of Columbia Supreme Court. Both the Agricultural Adjustment Act and the licenses issued in the Chicago area were upheld as reasonable and valid on the ground of existing national emergency. The go-ahead signal was

(Continued on page 56)



U. S. D. A.

Unfortunately, the flow of milk could not be turned off to match the lessened demand. Production continued to mount even in 1933

At that time, formal hearings had been held on marketing agreements for Chicago, Atlanta, Philadelphia, Detroit, Evansville (Ind.), Los Angeles, Oakland, and San Diego County.

First of these to be approved was that for the Chicago area, where milk-price wars had been raging to the

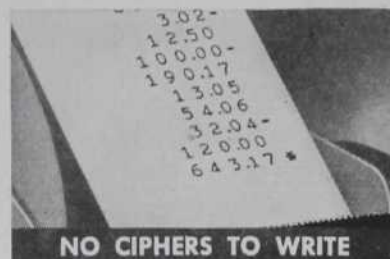
approval of local agreements. Its tentative aims were to fix minimum prices to be paid farmers by distributors and to outlaw retail price-cutting and certain other practices.

Study of a processing tax on milk and its products, looking toward a production-control program, was



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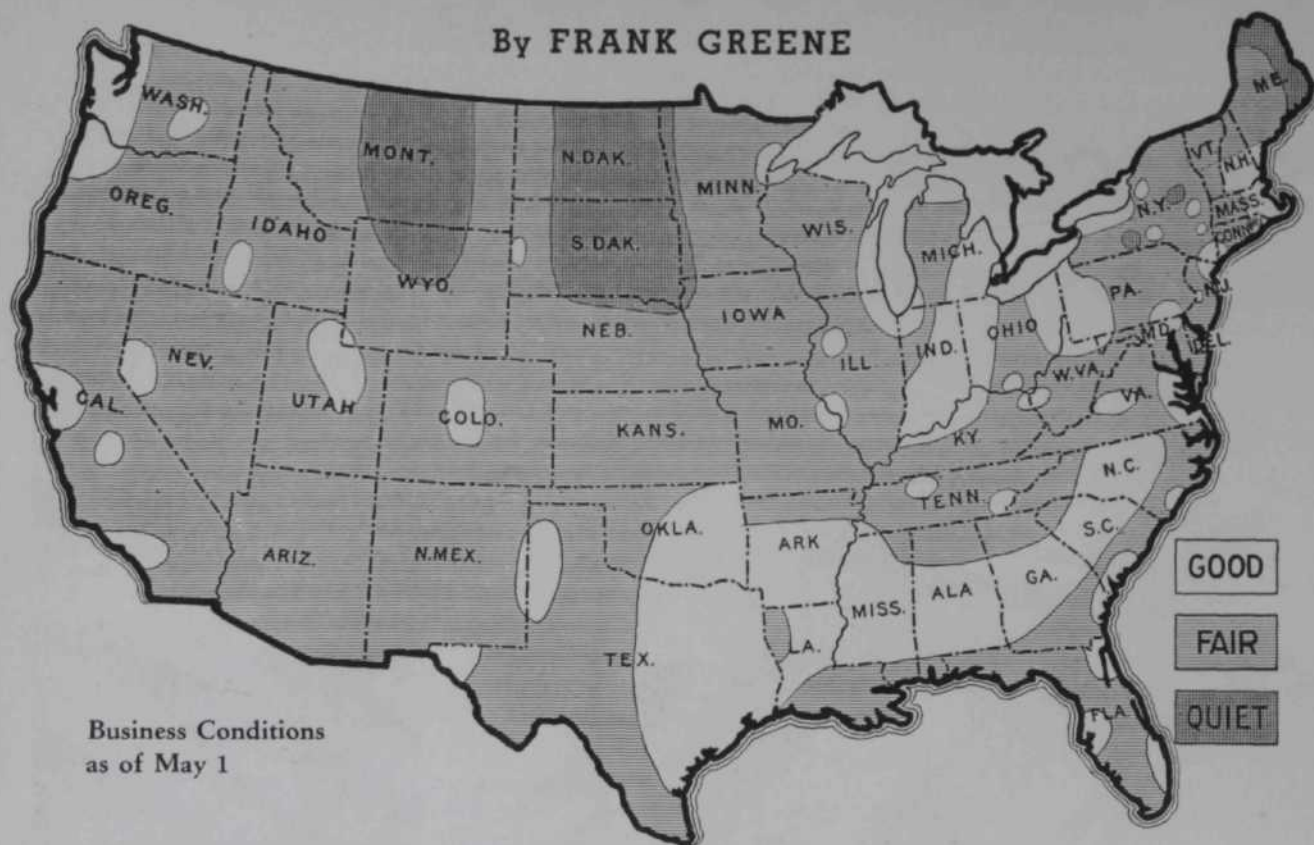
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# The Map of the Nation's Business

By FRANK GREENE

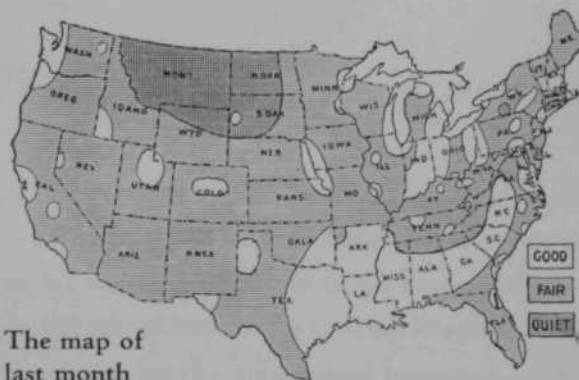


APRIL saw reaction, after the Easter buying rush, notably in commodity prices, securities and textile trade activities. Raw and manufactured cottons, wheat, corn and oats all sagged sharply. Silk, rayon and wool dulled. Iron and steel prices held relatively firm. Because of irregular comparisons, the March and April retail trade statistical showings should be combined to give a clear view of spring results as a whole. Strikes were numerous but not long and a railway strike was averted. Advances in automobile prices were credited with slowing sales but in iron and steel the contrary seemed the case.

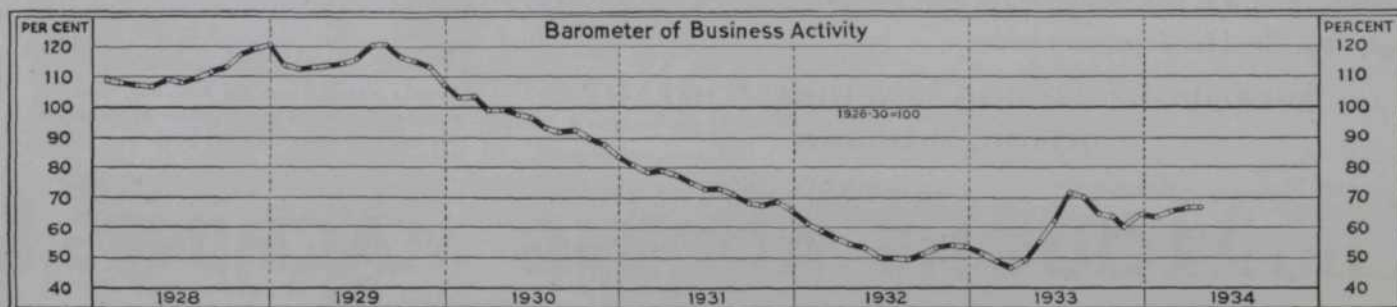
In agriculture the strength of cattle contrasted sharply with the weakness in other farm products.

Foreign trade increased, with exports holding a comfortable margin. Exports of autos and iron and steel were the largest in four or five years. April saw 200 banks reopened, bank clearings the largest in 27 months. Business failures fell 45 per cent below a year ago. Cigarette output broke all records.

Diversified industries in the East, East Central and Southern States kept those areas relatively active despite price declines. Dry, cold weather in the Mississippi Valley and the Great Plains areas hindered growth or planting



The map of last month



The steady rise of the steel and the strength of the electric power indexes raised the Dun & Bradstreet Business Activity Barometer in April to a point 20 per cent above a year ago. The uniformity of gains over a year ago is notable



**—“NERVE STRAIN? I KNOW  
SOMETHING ABOUT THAT, TOO,  
MR. FENCER”**



**RUSSELL J. WOODMAN, who routes 300 trains in and out of New York every day, says:**

“Mistakes are ‘out’ as far as this job is concerned. There just can’t be any. I know what nerve strain is—and I need healthy nerves as much as a champion fencer. I agree with you about Camels. Camels are full of *real flavor!* They never taste flat or ‘sweetish.’ And I *know* they don’t upset my nerves.”

**JOSEPH VINCE, noted fencing champion, says:**

“Nothing brings out the true condition of nerves more than fencing. I eat sensibly—get my full amount of sleep—and smoke Camels. Camels give me more enjoyment... *They never get on my nerves.*”

Copyright, 1934, R. J. Reynolds Tobacco Company

## How Are Your Nerves?

Watch for such signs of “jangled nerves” as these—ring-twirling, nail-biting, jumping at sudden noises, finger-twiddling—frowning.

Check up on yourself now. Go over your eating habits carefully—your sleeping—your recreation. And for your

cigarettes—turn to Camels.

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Millions of smokers have found that they can enjoy Camels freely—smoke *more* than formerly—and that this mild, rich-tasting cigarette *never jangles the nerves!*



# CAMEL'S COSTLIER TOBACCOS

NEVER GET ON YOUR NERVES...NEVER TIRE YOUR TASTE





FOR NATION'S BUSINESS BY THOS. D. MCAVOY

## Defining "Wholesalers" and "Retailers":

Leading saw mill operators and manufacturers of wood products wrestle with code modifications. After months of deliberation, the Code Authority proposed changes in the schedule of Fair Trade Practices. Chief problem is to define "wholesalers" and "retailers." There has never been general agreement on such a definition. Other puzzles concern consignment shipments; publication of lists of parties entitled to discounts; whether mail-order houses, because of volume purchases, are entitled to discounts; whether large users of lumber in speculative building should buy at wholesale; what constitutes proper compensation for commission men. Among those who brought opinions to the hearing were (left to right): W. W. Schupner, Sec.-Treas. National American Wholesale Lumber Association; Max Myers, President, National American Wholesale Lumber Association; Dwight Hinckley, President, Dwight Hinckley Lumber Co., Cincinnati; and William H. Schuette, President, William Schuette Co., Pittsburgh, Pa. Every section was represented in the discussions which continued for three days. What the Administration will decide in the light of this new evidence is not known.

## The Air Mail Complications:

Walter F. Brown, former Postmaster General, prepares to add his bit to the evidence collected by the special Senate Committee created to investigate ocean and air mail contracts. The investigations, still going on, have already brought about actions in two courts, several bills in Congress and much difference in opinion. The struggle centers about the question of whether air mail contracts were obtained by means of "fraud and collusion" as Postmaster General Farley charged when he annulled existing contracts. Operators, defending the contracts, sought an injunction to prevent cancellation. After the Federal District Court in New York dismissed the action because of lack of jurisdiction, four suits were filed in the Dis-

trict of Columbia Supreme Court asking injunctions and damages. They are pending. In the meantime the Army flew the mail, while efforts were made to get the service back into private hands. Congress authorized the letting of three months contracts; bids, a few of them at greatly reduced rates, were approved and service by private companies resumed. The Senate as this is written has also passed the amended McKellar-Black Bill, understood to have Administration support. It provides one-year contracts, fixing of routes and rates and appointment of a commission to recommend a broad policy covering all phases of aviation. Standing by Postmaster Brown is Arch Coleman, his former first assistant, while W. Irving Glover, under whom the contracts were awarded, is seated beside him.

## Sideline Views of Daily Dramas



FOR NATION'S BUSINESS BY THOS. D. MCAVOY

Carl Bahr, Authority secretary, testifies



FOR NATION'S BUSINESS BY THOS. D. MCAVOY

Sen. Hugo Black, Committee Chairman



UNDERWOOD & UNDERWOOD





FOR NATION'S BUSINESS BY AIKINS  
John W. Bennett, trial examiner



## That Controversial Tire Contract:

Chapman Rose and Joseph E. Mayl (chewing pencil), Goodyear representatives, answer Federal Trade Commission questions about the Goodyear Tire and Rubber Company's ten-year contract to make tires to be sold by Sears, Roebuck and Company under the Sears trade-mark. The Government charges that this contract violates Section 2 of the Clayton Act prohibiting price discriminations and is in restraint of trade. It points to the fact that Goodyear gave Sears 18,000 shares of common stock and \$800,000 with which to purchase 32,000 more shares on the market as supporting this charge. It contends that year-end adjustments of \$8,500,000 made to Sears by Goodyear were, in fact, rebates. Rival manufacturers and dealers have testified that the competition of these tires has forced down prices, caused dealer bankruptcies and is "a vital issue in the code situation." Goodyear denies vio-

lating any proprieties. It declares the stock transaction was a necessary selling expense to get the \$125,000,000 contract—which will yield a profit of \$12,000,000—and is being properly amortized. It states that the tires are manufactured on a cost-plus basis and the bill is paid monthly. Since costs cannot be determined until the end of the year and since the contract provides for overcharges but not for undercharges, the manufacturer, with Sears' consent, overcharges, expecting to make an adjustment. As for competition, Goodyear points out that manufacturing under buyers' brand names is a common practice and that, if this company did not make tires for Sears, somebody else would. Having the contract, Goodyear maintains, has made possible employment of 3,000 workers and has increased volume so that prices of other products could be lowered. Should the Commission find that the Clayton Act is violated, a "cease and desist" order will issue. No civil or criminal liability is involved.



FOR NATION'S BUSINESS BY LOHR  
Rep. Treadway, minority member

## Senate and House in Dispute Over Tax Bill:

The struggle went to conference where the Senate forces, led by Pat Harrison, whose side face you see on the right, gained practically a complete victory except for the Couzens' ten per cent flat raise on personal income tax. That went back to the House where it was beaten. Couzens sits calmly at the left. Next is Representative Cullen of New York. Pipe in hand is Rep. Samuel Hill of Washington, glaring at Senator King of Utah. Hill it was who, in NATION'S BUSINESS (January, 1934) said that we didn't need additional sources of revenue but "to stop the holes." We get \$400,000,000 additional taxes and probably still have the holes. Spectacles on forehead is Representative Doughton, North Carolina, Chairman of Ways and Means. He wanted the gasoline and check

taxes out. The Senate left them in. Bad points of the bill: the provision prohibiting consolidated returns by corporations, the publicity features (though much weakened), the capital stock and excess profits tax, the excessive inheritance tax likely to defeat its own ends.

Business, binding its wounds, finds some comfort because the new bill is better than the original House bill in these respects: capital gains and loss provisions better; definition of personal holding companies is narrower and such companies may withhold current earnings, without penalty, to meet debts; the merger and reorganization section is clarified; credit for taxes paid abroad is retained; penalties for understatement of gross tax are limited; administration of some excises is improved and excises on furs, jewelry and candy are reduced or eliminated.





## FROBEN, in 1514 A.D. put authorship *on a cash basis*

The first authors were paid in copies of their books. It was left to the authors to convert these volumes into money. Later John Froben, a printer of Basel, Switzerland, arranged with the great scholar Erasmus to pay cash for his works.

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# The Dollar That Nobody Knows

By WALTER E. SPAHR

Department of Economics, New York University



UNDERWOOD & UNDERWOOD

Professor Warren discusses features of his plan with Senator Couzens (right)

**S**INCE Prof. George F. Warren's monetary theories have provided the basis for the gold purchase program and for the devaluation of our dollar, the public is keenly interested in knowing why such a program was adopted, the nature of the claims made in defense of it, how well these claims have been justified, and what may reasonably be expected to be the next sequence of events in the domain of currency legislation and practice.

Underlying the Warren theories, and, consequently, the recently instituted monetary program, are the assumptions:

1. That prices are determined by the gold supply and the physical volume of production.
2. That the fall in prices since 1929 was due to a scarcity of gold.
3. That the problem of inducing a rise in prices and, consequently, of business recovery is merely a question of increasing the number of units in the gold supply, or of increasing the currency supply by some other means, hence the desirability of devaluating our dollar, or of inflating the currency in some other form.
4. That increasing the currency supply will force prices up to a desired and predictable level.
5. That when such a desired level is reached it can be maintained.
6. That such a rise in the price level will decrease the burden of the debts resting upon the debtors.
7. That such a program will generate recovery by increasing the purchasing power of consumers as a class.

Although the most fundamental contention running throughout the book "Prices" by Professors Warren and Frank A. Pearson is that prices are determined

**LEVEL-HEADED** business men, in the opinion of this monetary economist, must act if the country is to be saved from monetary, economic and social chaos. In this article he explains the danger we face and outlines the remedy

solely by the supply of gold as compared with the physical volume of production, one finds in this work a most amazing inconsistency in logic in the fact that Professor Warren also insists that prices can be raised to any desired point and controlled by the use of inconvertible paper money, by the use of bimetallism, by the use of symmetallism, by using more silver, or by raising the paper money price of gold. If prices are determined solely by the supply of gold relative to the physical volume of production, how can they be determined by inconvertible paper, by gold and silver, by silver, or by the paper money price of gold?

Despite this inconsistency in logic and theory it is worth while to examine briefly the validity or lack of validity of the chief theories found in this book.

Prices—meaning prices in general, or the price level—are not determined by the relationship between the supply of gold and the physical volume of production, but by all money and credit spent and all goods and services sold (as affected, of course, by the general knowledge of the potential supply of such goods and services). This fact should need no elucidation. Professor Warren, in advancing his bullionist theory—a theory never supported by more than a handful of individuals—practically ignores the greatest proportion of our purchasing power—deposit currency, represented by checks and drafts, which normally constitutes not less than 90 per cent of our medium of exchange. Most of the time he also ignores the effectiveness of paper money in his theory—except when he forgets his bullionist theory and advocates inconvertible paper money.

## Not dealing with paper money

IT IS, of course, true that he discusses both paper money and bank credit at different places in his book, but these forms of credit are not an integral part of his theory. They are almost completely forgotten in his analysis; their effect is denied in his most fundamental theories, and where included, they really constitute an inconsistency in his analysis. Furthermore, we all know that it is not the physical volume of production that is to be considered in connection with money and credit, but the amount of goods and services offered for sale and sold.

There was no scarcity of gold in this country when prices began to fall in 1929 and there has not been a



scarcity since, except during the brief period of hoarding.

In spite of this, Professor Warren says (p. 109 of his "Prices"):

"The total credit outstanding was high in proportion to the gold supply, indicating that gold was fully used. It was so fully used as to cause a reaction."

The data published by the Federal Reserve Board shows no foundation for this statement. The Federal Reserve banks had huge surplus reserves in 1929, the reserve ratio ranging from 66.8 to 74.5 per cent, and the amount of reserve bank credit outstanding was smaller than in 1928.

Furthermore, when we had our highest price level in May, 1920—167 per cent on the basis of 1926 as 100—we had only \$2,856 million of gold. When Professor Warren instituted his gold purchase policy in October, 1933, and from then until devaluation, we held about \$4,323 million of gold with a price level at 70 to 71 per cent.

Even in February, March, and April, 1933, with a price level of approximately 60 per cent, we held approximately \$4,300 million of gold. The collapse in prices was due to hoarding, and to fear of the banks and to many other fundamental conditions, but not to a scarcity of gold. And yet devaluation was instituted on the assumption that there was a scarcity of gold.

The fundamental point to bear in mind, of course, is that, when business is in a depression, there is no connection between prices and a country's gold supply for the simple reason that a country's credit and bank deposit currency contracts sharply because business is contracting. In a converse manner, if business expands because of business prosperity and optimism, most of the expansion will be on the basis of deposit currency, and the supply of gold is often a relatively unimportant factor.

Professor Warren's assumption that the proper way to induce a rise in the price level and a recovery in business is to increase the currency supply, whether by devaluation, by the issue of fiat money, or by some other means, rests upon a complete misconception of the relationship between a country's currency supply and business conditions. Professor Warren assumes that a nation's currency supply can be increased as the Government pleases; that the price level can in this manner be forced up to the desired level, then controlled; and that business recovery can be generated by such devices.

### Business and currency circulation

MONETARY economists know that, in the main and normally, currency expands as business expands and contracts as business contracts, that the principal causal factor is business activity, and that the amount and velocity of currency in circulation are merely thermometers recording the state of business. Professor Warren thinks the thermometer causes changes in business and, on the basis of this theory, persuaded the President to change the scale on the thermometer. Furthermore, by devaluation he created permanent changes in the costs of our imports, in travelling abroad, and in our international financial relations which never should have been made.

Another fundamental fallacy underlying the Warren assumption that an increase in the currency supply will generate business recovery lies in his failure to distinguish a sound rise in the price level, based upon a sound recovery in business, from the type of rise in prices generated by currency inflation. This confusion is due to his failure to define inflation accurately, with the result that he finds himself saying (p. 371 of "Prices") that "the effect of rising prices is the same regardless of the cause."

Every-day experience should teach us that this state-

ment is incorrect. A sound rise in the price level is based upon a sound recovery in business which, in turn, receives its initial impetus from business men who have reduced their inventories and costs sufficiently to enable them to resume their productive activities, reemploy labor, raise wages, and thus increase consumer purchasing power. Buying by consumers under such conditions rests upon a real increase in purchasing power provided by producers; it is a confident buying and generates confidence.

A sound rise in prices is the result. It is the only kind of a rise in prices which need not, of necessity, culminate in a crisis, because the purchasing is derived from real purchasing power and not from an extension of credit or currency which may not be self-liquidating. There is no other important way to place real and self-liquidating purchasing power in consumers' hands.

### Inflation brings false prosperity

A RISE in prices by inflation is of an entirely different sort and generates unsound underlying conditions. This is because inflation is by nature a condition resulting from an extension of purchasing power, either in the form of money or credit, which is not secured by a sufficient amount of reserves or commodities to liquidate it. Buying under such conditions is not due to an increase in the purchasing power of the buyers as a result of the increased activities of producers, but to borrowed purchasing power or to an effort to protect accumulated, though dwindling, purchasing power from the despoiling effects of a depreciating currency.

Such buying is largely speculative, and is characterized more by fear than by confidence in the future. There is always danger of a collapse in such buying, since it is made in anticipation of a further rise in prices, and since it rests upon no appreciable increase in earnings but rather upon anticipated earnings or upon fear of greater losses if purchases are not made. Moreover, it tends to exhaust quickly the savings of a people otherwise available for future spending.

The appearance of any factor that destroys the expectation of any further rise in prices reverses the psychology of the buyers, they stop buying and turn to selling; all other sellers are gripped with the same fear and a drastic liquidation sets in. Inflation, properly defined, means that losses are to follow, these losses being the best measure known of the preceding inflation. Losses mean disasters, and to recommend inflation as a means of generating business recovery is tantamount to recommending additional disasters as a cure for past and present ones.

But since Professor Warren makes no distinction between a sound rise in prices and an unsound rise generated by inflation, and since he believes that the chief cure-all is found in increasing the currency supply, his program has centered upon every device which he thought might accomplish this, even though some of his proposals clearly run counter to his bullionist theory of price determination. He assumes that a nation can, by increasing its currency supply, force prices up to any desired and predictable level. To this end he recommends devaluating the currency, the issue of fiat money, the use of bimetallism, or symmetallism, or the Fisher commodity dollar plan, but urges above all the devaluation of the dollar.

A marked characteristic of Professor Warren's bullionist theory is the closeness of the relationship which he insists exists between the number of a nation's gold units and its prices, or between the paper money price of gold and the price level. This doubtless explains the extreme fractional quotations noticed when our

(Continued on page 60)



# Your wife will share your peace of mind when the family's future monthly income is arranged



*A wedding anniversary present for which she will always be grateful—a life insurance policy that guarantees her future financial security.*

ONE of the soundest provisions a man can make for the continuing protection and security of his family is a regular monthly income made possible by life insurance.

In many ways, such an income is more desirable than the possession of a lump sum of money. If your wife has a fixed income she will not have to worry about investing—wondering whether the principal is safe and whether the interest will be paid regularly.

She will know that on the first of every month she will receive a check for a definite

amount and can make a budget which will take care of necessary expenses with something left over for personal comforts and recreation.

Build a Program of Life Insurance. It should first provide for a fixed amount for the payment of your bills—should anything happen to you—and then for monthly income checks for your wife.

Send for a Metropolitan Field-Man. He is an expert in advising about this important part of Program building. Or mail this coupon.

**Have a well-rounded Program of Protection. The Metropolitan's contracts afford a means to**

- create estates and incomes for families
- pay off mortgages
- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
- provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

Metropolitan Life Insurance Company,  
1 Madison Avenue, (N)  
New York, N. Y.

Without obligation on my part, I shall be glad to have you send me information concerning the best way to provide a fixed monthly income for my wife and family.

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_  
STATE \_\_\_\_\_



## METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

© 1934 M. L. I. CO.

*When writing to METROPOLITAN LIFE INSURANCE COMPANY please mention Nation's Business*



# New Ideas in Selling

Being some comments on new and current trends in the transfer of goods and services

**Tourist trade.** Tide of tourist travel, which has long flowed eastward across the Atlantic, has begun to reverse itself, due to our depressed dollars. An advance guard of 122 tourists recently landed in New York from Antwerp for a five-day stay, jingling a saving of \$59 in their money over what the \$144 excursion would have cost them under the old exchange rate. Anent the same, Cunard Steamship Company stockholders, meeting in Liverpool recently, heard Cunard Chairman Sir Percy Bates report: "We are now engaged in trying to convince the travelling public here of the advantages of making a trip to the other side . . . by the introduction of organized tours. The time is propitious as the fall of the value of the dollar vis-a-vis the pound, coupled with the low

prices now ruling in both the States and Canada, offer the most excellent opportunity for seeing these countries since the war."

**Packaged vegetables.** A complete line of packaged fresh vegetables and fruits, distributed and merchandised like any other packaged food product, is being offered Philadelphia food stores by a company there. Stores need no longer send their produce buyers down to the wholesale market each morning to buy and bring back green goods in barrels, baskets, crates. Instead, the company's truck drives up daily, delivers the required number of individual, waxed-paper, window cartons of peas, lettuce, beans, tomatoes, celery, etc. The company buys products in carload lots, sorts,

grades and packs them in the individual cartons. Economies in the carload purchases and reduction of waste and spoilage are said largely to offset packaging costs.

**New account.** Intensive sales efforts are to be placed behind the low-cost electrical appliances of the Electric Home and Farm Authority. Young and Rubicam, Inc., New York advertising agency, has been employed by the Tennessee Valley Authority to aid in preparing a long-time program to increase farm and home use of electricity, a program of which promotion and merchandising of EHFA appliances will form a part. Retained for a four-months period at a fee of \$10,000, the agency will make consumer and trade investigations, prepare a general advertising and sales promotion program, etc. The agency will act under direction of TVA, and advertising media it selects are subject to TVA approval. If, during the life of the four-months contract any advertising is actually placed, terms of the agreement "are then subject to such modification as may be mutually agreed upon."

Advertising plans, it is understood, contemplate placing chief reliance on direct mail. More than 300,000 copies of a 12-page rotogravure paper describing the project are expected to be mailed to Valley residents. House-to-house salesmen and an extensive demonstration set-up also will be used, it is understood. Demonstrators, to be known as "electric home specialists," are to be trained in a school organized at Knoxville, and demonstration homes and rooms will be placed in at least four cities.

At Wilson Dam, which is expected to attract many visitors, a complete electrified home will be established. At Knoxville an entire floor of a former department store will be occupied by exhibits of appliances. At Chattanooga, one of the model electric homes now being built at the new town of Norris, Tenn., will be reproduced, and a permanent demonstration and exhibit has been set up at Tupelo, Miss.

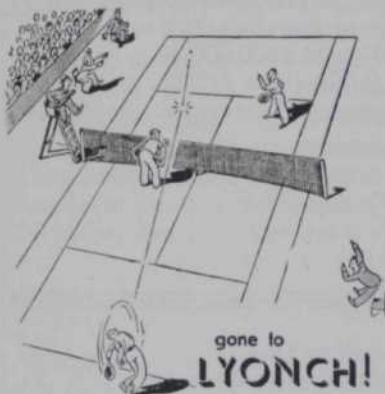
Maximum retail prices for ranges and refrigerators will be \$80; for water heaters, \$65. They'll be sold through regular dealer outlets, dealers being allowed approximately 25 per cent markup, according to report. Term payments, financed by EHFA, will be spread over three to four years.

Incidentally, retaining of an advertising agency by an agency of the Federal Government is not without precedent. In the early '20's the U. S. Shipping Board placed advertising through several private agencies.

**Odd lots.** Prescription sales go up when they're filled at counters in full sight of customers, rather than in the back room, report several druggists trying the plan. . . . A St. Louis department store gives its sales girls free lessons in cosmetic use; results: better-appearing sales girls, increased sales of cosmetics to them. . . . Taxi companies, fleet owners are offered a new motor-operated advertising device which fits against spare tires, has a transparent-covered opening through which a succession of messages printed on a revolving disc may be presented to view. . . . Used pianos are being accepted as down payments on refrigerators by a western music store which handles both. . . . "Iron a towel and the towel's yours," a Newark store invited the ladies in promoting an electric ironer; as they ironed, they also got a sales talk.

—PAUL H. HAYWARD

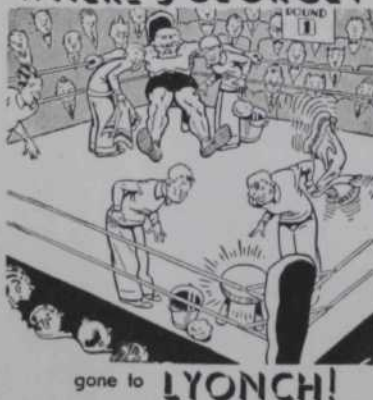
WHERE'S GEORGE?



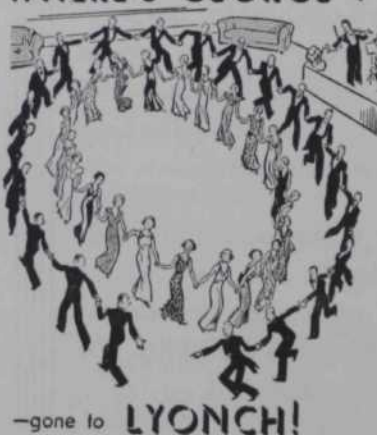
WHERE'S GEORGE?



WHERE'S GEORGE?



WHERE'S GEORGE?



The pun's atrocious and George is forever missing, yet Lyon Teashops, British chain, reports him a most effective advertising figure. The above four of a series give you some idea



*Every truck owner knows*  
**A VALVE-IN-HEAD SIX  
 COSTS LESS TO RUN**



**And here's the lowest-priced, most economical SIX in the world—the bigger, huskier, higher-powered Chevrolet.**



**154,000 miles, with a total repair expense of only \$37.50**—a typical example of six-cylinder Chevrolet economy, offered by the Northern Bottling Works, of Cameron, Wisconsin. Valves ground only three times. Piston rings replaced only once. Original pistons still in the engine.



When a man buys a truck, that's what he wants: *A TRUCK* . . . a big, rugged hauling unit that's built and tested especially for truck work and equipped with just the right number of cylinders for maximum truck-economy. And that's what he gets in the 1934 Chevrolet. In appearance and in specifications, everything about it is *100% truck*. Every mechanical part is built for tough, strenuous work: A solid, heavy-duty truck

rear axle. A rigid, rugged truck frame. Tough, reliable truck springs. Large, solidly-built truck bodies. Big, massive truck appearance. And a real truck engine, not only in power and ruggedness and dependability, but in the number of cylinders it has: *Six*—no more, no less! Not so many that expenses go up; not so few that vibration wears out the truck. And best of all, this big, powerful 1934 Chevrolet is the lowest-priced Six you can buy.

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN

*Compare Chevrolet's low delivered prices and easy G.M.A.C. terms. A General Motors Value.*

**CHEVROLET SIX-CYLINDER TRUCKS**



# The Wage-war Between the States

By JOHN TEMPLE GRAVES, II

**WAGE** differentials have arisen as serious obstacles to adoption and operation of many codes. The South wants them high, the North low. What is fair? Here is one man's opinion

**AS** BETWEEN civil war in the industry and subjection to three proconsuls working through a military ring-master, we prefer civil war," declared Forney Johnston, keen-faced, patrician little attorney for Alabama coal operators, at a hearing in Washington last April. The point at issue was an NRA order increasing wages in Alabama coal mines \$1.20 a day without comparable increases in other fields.

"Alabama operators," replied John L. Lewis, president of the United Mine Workers of America, "are not yet quite ready to declare war on the United States. If they feel they are, however, the United Mine Workers are ready within 15 days to provide the President with 20 armed divisions of men to help force Alabama coal operators to comply with the law of the United States."

Attorney Johnston, of course, was letting his rich southern fancy run, and President Lewis was yielding to the dramatic urge of a retort in kind. It is safe to say that neither man meant his war-like metaphor to be taken in earnest. Nevertheless, the interests and emotions involved in the debate over southern wage differentials do seem at times to threaten war in an economic sense. In southern opinion it would not be a war between capital and labor but another war between the states.

That is because southern textile, coal, steel and other employers, together with southern chambers of commerce and a great many southern editors, are persuaded that the real animus against their section's right to pay lower wages than are paid in the North does not come from the humanitarians, or from the New Deal economists at Washington, or even from organized labor. It comes, they believe, from northern competitors. It is an attempt, by force of superior political numbers and weight, to cripple southern industry by imposing greater operating costs than can be endured under existing circumstances.

## A threat to southern industry

IF it succeeds, they say, it will destroy both investment and employment, leaving the southern worker not with a higher wage but with no wage at all. They are preparing to resist it with something of the fervor that sent their forebears to battle under the Stars and Bars, and President Roosevelt's recent partial recognition of the wage differential principle for the coal industry has left them still far from assured that the need of battle is gone. They are painfully aware that he linked his recognition with a warning against attempted entry



EWING GALLOWAY

One side says a higher wage scale will mean more consuming power for these southern textile workers. The other says it will mean loss of work and no jobs at all

into new markets by grace of cheap labor and that there was something tentative in the recognition's terms.

Their case is compact, and makes easy reading. They assert:

1. That living costs for workers are lower in the South because of the climate.
2. That labor costs per unit of production are higher because of the same climate, the nature of the work to be done, and the nature of the worker himself.
3. That delivery costs are greater because of the distant markets it is necessary to enter for an adequate return on existing industrial establishment.

The lower living costs, they argue, are social justification for the wage differential which the higher production and delivery costs make an economic necessity.

The rebuttal is almost as compact, and even easier reading. It goes like this:

1. Granted that living costs are lower in the South, the advantage should run to those who do the living, that is, the workers, rather than to their employers.
2. Granted that labor costs per unit of production are higher, the fact suggests that some southern plants are so placed as to be "sub-marginal" and uneconomic, capable of existing only by paying indecently low wages and, therefore, by President Roosevelt's recently announced test, not worthy of continued existence.
3. Granted that delivery costs are greater because of the necessity of reaching distant markets, the necessity



# BIGGEST VALUE FOR EVERY DOLLAR !



## New PONTIAC EIGHT

WITH ALL IT IS . . . AND HAS . . . AND DOES . . . *only*

You get more for your money when you buy the big, economical Pontiac Eight. Owners report 16 to 18 miles to the gallon of gas. . . . The records show you get more for your Pontiac when you come to sell it or trade it in. . . . And all the while you're driving it, your Pontiac gives you *everything*!

**SEE IT—DRIVE IT—BEFORE YOU BUY ANY CAR**

**\$ 715**

and up, list prices at Pontiac, Mich. Illustrated, the Cabriolet. List price at Pontiac, Mich., \$805. With bumpers, spare tires, metal tire covers, tire locks, spring covers, fender wells, tire carriers, trunk rack and extra wheel, \$77.50 additional. Pontiac is a General Motors Value with Fisher Bodies and Fisher No Draft Ventilation.

When visiting a PONTIAC dealer please mention Nation's Business



might cease to exist if, through higher wages, a larger purchasing power were developed in the South.

Although these are the primary arguments and answers, there are secondary ones weighing in each of the different industries. Industries which employ mostly colored labor, for example, complain that such labor is not as productive as white. Protesting a reduction in the wage differential for machinery manufacturing workers from 17 cents an hour to five cents, the Hardie-Tyne Manufacturing Company of Birmingham, whose unskilled workers are all colored, has argued before its code committee that "the lower productivity of the southern negro as compared with the white man is a fixed and demonstrable economic fact." It submits the results of intelligence tests "administered by the War Department on 1,700,000 men and officers" during the World War to prove an inferior intelligence and efficiency in the colored worker. Whether this is true or not, the high wages imposed in the South under the various codes have undoubtedly resulted in a tendency to substitute white labor for colored whenever possible.

### More difficult competition

IN the coal industry, a special competitive circumstance is that Alabama coal has to be washed, while Pennsylvania and West Virginia coals do not. About 75 per cent of the washed coal used in the United States comes from Alabama, it is said. This means an extra item of labor cost. Another large item is the lack of mechanization. Coal veins in Alabama are rather lean and narrow, and are sloping rather than horizontal. To mechanize production from them is difficult. As a result, it is claimed, the average miner produces only three and a half tons a day while the Pennsylvania and West Virginia miners produce five or six tons. Alabama operators declare additionally that they are more exposed than their competitors to the competition of so-called "laborless" fuels, such as natural gas, oil and hydroelectricity, which require comparatively little human labor in their production.

In the iron and steel industry, the inferior quality of the raw materials—iron ore and coal—is pointed out.

Hugh Morrow, president of the Sloss-Sheffield Steel and Iron Company, of Birmingham, told the code committee that the red ores of his district were considered good for nothing but the making of paint in the early days and that "for many years it was doubted in highly respected quarters whether a good quality of pig iron could ever be produced economically from the lean ores of the South, largely because of their geological formation. . . . It was no less a personage than Andrew Carnegie who, as late as 1888 or 1890, while on a visit to the South, cast a gloom over the spirit and dreams of that section when he expressed the opinion that steel could not be produced from Alabama's raw materials."

Proud of the manner in which the doubts have been dissolved and the problems surmounted, Mr. Morrow warns, nevertheless, that the geological disadvantages under which the pig iron and steel industries suffer in the South "entail a joint sacrifice on the part of labor, on the one hand, and capital on the other."

Because of the inferior quality of the ore and coal and the difficulty of extracting both from the earth, he estimates that the South requires twice as much human labor as the North in coal mining and three times as much in iron ore mining.

In the textile industry, which was first to execute a code, southern mill men are complaining that the drastic reduction in wage differentials to which they submitted is turning the textile tide back to New England.

"The narrowing of wage differentials between northern and southern workers," said John E. Edgerton, President of the Southern Industrial Council, at a recent conference, "has definitely changed the economic situation in the textile industry, and we are already conscious of the slowing down of mills in the South and the opening of mills in the North."

In this industry the comparative newness of the southern worker to the task and his "lack of a technical background" are cited as extra circumstances, justifying the differential.

"Hands fresh from the hoe and the plow," declares Donald Comer, one of the section's largest operators, "do not as easily or as quickly adjust themselves to the task as do those of people who for generations have been accustomed to machine work."

Mr. Comer, who is looked upon in the South as an industrial statesman and a humanitarian, sees in the wage differentials a species of protective "tariff" for the still infant industries of his section, a temporary advantage given while these industries are being built to absorb an enormous farm labor surplus and to relieve elements of southern agriculture of "the starkest poverty to be found anywhere in the United States, outside of the New York slums." Low wages have been entirely necessary, he thinks, to develop the industries. It has been a stern proposition all the way, as he sees it:

### Cheap labor necessary

"DENIED the benefit of tariff walls, our rural sections have had to depend upon other things to encourage the coming of industry. Exemption from taxes and the labor of men and women from washed-away hillside farms have been abused. Thank heav-

(Continued on page 74)



EWING GALLOWAY

Are these Pennsylvania miners more efficient than southern miners?  
The South says heritage and natural conditions make them so



# Modernizing Price Practices

By JAMES TRUE

**A STORY** of the experience of a manufacturer who asked consumers' suggestions, not only as to what he should charge but as to how he should package and distribute

**P**RICING continues to loom insistently in the foreground of business management. Although price trends are upward, manufacturers in many lines still believe themselves to be largely at the mercy of their competitors; but the indications are that this belief is founded on faulty pricing policies.

In the 90 per cent of industry under codes, wages cannot be made a means to lower prices; but the temptation remains to reduce advertising, merchandising and other necessary costs to a minimum. How far reductions of the kind can be made without encouraging further depression is a widespread problem, and industry's greatest need appears to be a practicable pricing policy that will enable individual manufacturers to carry on at a profit.

Early last year, McCormick & Company, of Baltimore, radically changed their pricing policy. As a result, both volume and profits for the year showed a satisfactory increase. More workers were employed and wages were substantially raised. The morale of the entire organization was improved.

In discussing the changed policy recently, C. P. McCormick, president of the company, explained that it was the incessant demand for lower and lower prices, due to the depression, that prompted his investigation of pricing.

"Of course," he said, "the pressure came from the distributors who handle our lines; but we knew that the demand was back-fire from the ceaseless endeavor of consumers to find lower prices and better values.

"When we analyzed our one thou-



This bottle, designed to meet consumers' ideas, brought more sales. Cap eliminates broken corks, wide base prevents upsetting

sand items and usual methods of manufacture we found that, by the use of improved methods of production we were able to effect decided economies which we have passed on to our trade.

"Years ago when new items or an improved old product were put on the market, we decided that the item would retail for, say, 25 or 35 cents, and prices were then fixed accordingly.

"Large gross profits were the first consideration. This policy was a relic of the prosperous old days, and, like many of the old policies, it is now obsolete.

## Gambling on profits

"FREQUENTLY, under the old policy, profits on individual products were generously long, and were considered as insurance against losses on highly competitive staple lines and items. Obviously, manufacturers gambled somewhat on the outcome, on the average profit of their entire volume. And I am confident that some of the losses and failures of

manufacturers in the past three years can be charged to gambling of that kind, because of its effect on quality.

"This policy has been followed by a great many houses in the food industry, but it has broken down under the stress of the depression, and I think it will be a long time before it is generally reestablished. Its failure is due to the education of the consumer.

"Since 1929, the consumer has been comparing prices and qualities, and now knows more about real values of merchandise than ever before. The consumer is the manufacturer's final customer. If the customer wants our goods, distributors will handle them. If not, no power will flow them through the channel of distribution."

The company conducts a special department for collecting data on what the consumer thinks about its

goods. As a result, in the last few years, most of the McCormick packages have been redesigned, labels have been changed, containers have been made more convenient to handle, and in all of this, as well as in setting the price, the first and last question is: "What will the consumer think about it?"

Of course, many items originate in the company's laboratory, and its artists design new packages; but the company cares little about what its specialists think. Several thousand consumers must approve the new idea before it goes into production.

The way the pricing policy works out is illustrated by an item which was introduced about seven years ago by another manufacturer. At that time several others were experimenting with similar products, and within a few months four or five competitive brands were on the market. One of these was produced by McCormick and Company.

This new item was priced, not on a basis of cost, but according to its utility, novelty and appeal. All

(Continued on page 72)



# Circumstances Alter Trade

By RAYMOND WILLOUGHBY

**P**UBLIC opinion in America speaks a various language. What the people of the several states are thinking sets a pattern of conditions which trade and industry must face when they undertake to do business in local communities.

To the mercantile strategist the active influences which give character and feeling to local affairs constitute mental hazards. He knows that they are as decisive in determining the atmosphere in which business risks are to be taken as the more solid factors which regularly get into the trade statistics. Political campaigns, issues before legislatures, municipal problems, tax troubles, convulsions of nature, social philosophies—all play modifying parts in the success or failure of business. How broad the



scope and significance of these "intangibles" is suggested by the present panoramic view of public interest in the making.

The question marks that once punctuated discussions of repeal are being transferred to liquor legislation. Distribution is a riddle to which Governor Wilson of Vermont asked the legislature in special session to find the answer. Local option license, state stores, or the saloon? New Hampshire amusement interests want "liberalization." Sale of hard liquor in state stores and drug stores was favored by a commission, 15 to 3. Dealers opposed the idea. Conditions ruling the sale of beer are more to their liking.

Is New Hampshire thrifty or spend-thrifty? Two states of mind were before the people. Huntley N. Spaulding, a former governor, saw an "alarming increase" in the state debt, with "borrowing at the rate of

**LOCAL weathervanes show the way of trade winds. Business must keep abreast of the public opinion in every section to steer itself through storms and favorable breezes. Mr. Willoughby here charts the prevailing local opinions as a guide to business**

more than \$750,000 a month." Long time obligations outstanding he estimated at \$15,500,000, with a total bonded indebtedness increased by \$7,000,000 at the end of the fiscal year of 1935. Governor Winant put the state's total debt on June 30, 1933, at \$13,586,000—"for every cent of which we have earmarked special funds for the payment of principal and interest."

And what about Governor Winant? Governor three times, the public and the politicians alike are asking who will succeed him and to what new political star he will hitch his wagon. Styles Bridges, of Concord, Republican, Public Service Commissioner, announced his candidacy.

Does the electorate care who represents it in office? Massachusetts provided something of an answer in the first test of its new primary law. Only 200,000 voters turned out to name delegates to the party conventions early in June. Of the registered voters in towns and cities of greater Boston about five to 15 per cent went to the polls. The figures for Springfield and Worcester were six per cent and seven per cent, respectively.

Under the new plan the people choose the delegates. The delegates approve candidates. These candidates are named at the top of the ballots for the state primaries. The ballots tell what candidates are the party preferences. If four men are up for the same office, say, one name bears the party endorsement, but the voters may make their choice among the three others on the ballot.

Aimed at "bossism," the degree to

which the new system will appeal to the voters is still debatable in view of the lightness of the first voting. Each ward and town is entitled to one delegate, and one additional delegate for each 1,500 of its vote in excess of a prescribed minimum. Offices to come before the conventions this year include a United States Senator, Governor, Lieutenant Governor, Secretary of State, Auditor, Treasurer, and Attorney General. Congressional districts continue to elect their representatives in the Congress.

Do the people want to own public utilities as citizens or as stockholders?

Public interest in New York State, apart from Mayor LaGuardia's tilts with Tammany, has centered largely in Governor Lehman's public utility "reform" bills. On April 24 he signed nine of the 11 measures proposed, declaring them to be "greatly in the public interest." Previously the Governor had signed a bill for state control over gas transmission lines. His eleventh proposal, requiring public letting of large utility construction contracts, was still in committee. With indications that the Governor's program would go through, Watertown obtained a special law permitting it to buy the plant of the Niagara Hudson Company. Albany was considering a similar move.

Among the purposes of the new laws are:

To permit extension of existing village lighting systems; charge part of rate investigation costs against utility companies; charge all man-



ner of filing fees against the companies; permit immediate temporary rate reductions to avoid court delays; require payment of unclaimed customers' deposits to the State



# WILL TODAY'S EFFORTS BE USED TOMORROW *for Greater Accomplishment?*



What will you USE tomorrow—to capitalize on what you did today?

Will you depend upon memory to tell you—

what was effected in calls made upon prospective customers,  
what customers should be called on tomorrow,  
what salesmen are making their quotas,  
what production promises were made,  
what stocks should be ordered,  
what ledger accounts should have attention.

Records should be made of *every* commercial activity, and used tomorrow for greater accomplishment. You don't depend upon memory to tell you the daily changes in your bank account. Why not record other equally important activities which add to or take from earnings?

Recording activities with Acme Visible Equipment means using recorded facts to accomplish progress. At the close of each day you know the status of Sales, Inventory, Collections, Purchases, Employment—just as you know your bank balance. You don't have to remember—your records tell you.

This means business control—NEW PROFITS—GREATER PROFITS.

## Acme Visible Record Equipment Shows:

1. How to help salesmen produce.
2. How to promote selling of *all* items.
3. How to discover new business in your own records.
4. How to effect closer coordination of sales and production departments.
5. How to insure keeping delivery promises with customers.
6. How to speed collections.

Business executives the world over have effected these accomplishments with the aid of Acme Visible Record Equipment.

## Inquiry From Executives Invited

The new Acme Catalog—illustrated—shows the latest methods of recording activities with Acme Visible Record Equipment. Mailed upon request.

**NEW LOW PRICES.** Acme Visible Listing Equipment as low as 2 cents per name; Acme Visible Card Equipment as low as 3 cents per name.

**ACME CARD SYSTEM COMPANY... 2 S. Michigan Ave., Chicago, Ill.**

**ACME CARD SYSTEM COMPANY, 2 S. Michigan Ave., Chicago, Ill.**

Gentlemen: Send me the new Acme Catalog.

N.B. 6-34

Name .....

Company .....

Title .....

Address .....

I am interested in ..... Records.

☐ If interested in new price list, check here.

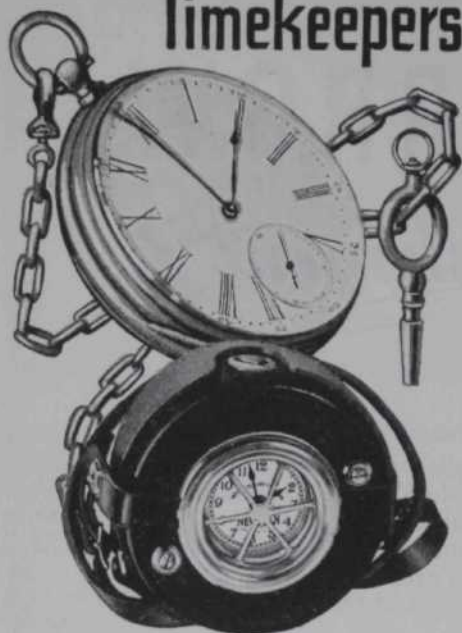
**ACME  
VISIBLE RECORD  
EQUIPMENT**

**World's Largest Exclusive Manufacturer of Visible Equipment**

*When writing to ACME CARD SYSTEM COMPANY please mention Nation's Business*



# Heirlooms are Poor Timekeepers



... And so are worn-out watchmen's clocks. Accurate timekeeping becomes more doubtful ... the record is open to question ... and repairs are more recurrent and expensive ... as time goes on.

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# DETEX

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Treasury; and to establish state control over holding companies and over contracts with "affiliated interest."

Revelation by the Federal Trade Commission of a six-year-old correspondence between State Senator Thayer and officers of the Associated Gas & Electric Company inspired sensational inferences and provided a powerful fillip to legislative action on the Governor's utility program.

"Whose little waterway are you?" Buffalo citizens have been asking for 20 years. The city heaved a figurative sigh of satisfaction when the legislature passed the Wojtkowiak-Bernhardt bills giving title to a section of the old Erie Canal parallel to the municipal waterfront. The canal is to be filled, then the new land is to go to the New York Central in exchange for its right of way through Centennial Park. Reciprocal benefits are seen.

Jersey men are learning about their schools. A citizen's committee is studying the recommendation of the New Jersey School Survey Commission with a view to supporting them in legislative form. The levies for school expenditures, by one estimate, decreased 19.4 per cent from the figure for the school year 1932-1933 to the school year 1933-1934. Inequality in distributing the tax burden is charged, and the alleged variation in the quality of public school instruction is also a matter of concern. The rise of the junior college is a new element in the educational situation. Begun under federal support to help unemployed teachers, the emergency character of the junior colleges defines a question of future support as well as their place in education.

## Making better farmers

LIKE his brethren elsewhere, the New Jersey farmer is making out a case for relief. Low prices, mounting taxes, rising costs are high notes in his refrain. Enrollment in the State College of Agriculture is breaking records—172 in undergraduate courses, 60 in graduate courses. State authorities want the city dweller to see the hard realities in the "back to the farm" ideas. If he is determined to take a chance with nature, information on gardening, desirable vegetables, fertilizers, cultivation, and crop storage is free.

Pittsburgh business men have joined in a mass attack on the city's complicated financial problem. A deficit of about \$5,000,000 has been accumulated, not because of any basic unsoundness, but owing to difficulty of tax collections. The budget for 1934 was not balanced by the outgo-

ing council. When the new council and the city's first Democratic mayor in 25 years took office, they inherited a deficit of about \$3,000,000. Despite the long-standing deficit, tax rates have been reduced from the peak levels of 1930, last year's land tax dropping 2.4 mills, and buildings, 1.2 mills. Land millage is twice the building rate in Pittsburgh.

Eighty business corporations are represented in the Efficiency and Economy Commission formed by the western Pennsylvania branch of the National Economy League by request of Mayor William N. McNair and the council members. The constituent business concerns are providing experts from their staffs to aid the commission. The man who helped



show Baltimore the way out of a deficit in 1933, Maj. Ezra B. Whitman, now in business in Pittsburgh, heads the new commission, and Henry J. Horn, executive secretary of the Baltimore Plan, is also helping.

Virginians are taking stock of public morals. What to do about slot machines and other forms of gambling? With these riddles in the air, Senator Byrd accused distillers of trying to buy political influence—for one thing, he said, they offered his secretary \$10,000 to represent them. Several Baptist organizations declared they would dismiss members if they took jobs under the Alcohol Beverage Control Board. Former Governor Pollard, a Baptist himself and "dry," took issue with this attempt at censorship.

For its part, the legislature went strongly liberal. A system of state liquor dispensaries was voted after the old prohibition laws were discarded. Professional boxing and wrestling came into their own. Legalization of betting on horse racing was narrowly defeated, and pleas for Sunday baseball found sympathetic though minority ears.

What does modern housing do to older rentals and values?

The \$2,100,000 PWA housing project for Atlanta negroes will provide an answer. The project requires 800,000 square feet in 134 parcels of land. Title will be acquired through court procedure. Real estate men are wondering about the effect on houses now rented to negroes. One view is that the campaign will invite improvement of defective shelter.

Planks of the platforms declared



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in Alabama's three-man Democratic primary for the governorship cast significant shadows of issues which are likely to define the congressional campaigns in the autumn. Former Governor Bibb Graves, Maj. Frank Dixon and Judge Leon McCord made the race, with a run-off required for the first two. Voters looked over their records as Roosevelt supporters, as defenders of "the forgotten man," as enemies of big business, and their war services. Acute problems faced by the state originate in the financial collapse of the school system and the severe pressure of state debt. How to accomplish retirement and keep major activities going without adding to the burden of the taxpayers is a situation in itself. Major accents in the primary campaign accompanied public discussion of the short ballot, consolidation of county governments, reapportionment of legislative representation according to population, industrial commissaries, the child labor amendment, automobile license charges, and utility regulation.

Shall cotton stay on the throne of mid-South agriculture? Under the existing system, cotton has been the bank roll for the planter—it has had to pay for food and feed in distant markets. The seeds of a broad diversification are planted in the Administration's crop control program. With the Federal Government paying for cotton acreage reduction, the farmer for the first time sees his way clear to diversify his products without bearing the burden himself.

The Government pays him rent for his acres. He must agree not to plant them in cotton, in hay, in corn—he must not use them for a product to be marketed for cash. He can use them for anything to be used for his stock and, on the rented land, he can grow vegetables for his tenants and his family. Prophets profess to see a new independence for the farmer and his tenants with a self-sufficiency of living that goes back to the pre-Civil War days plantation economy. Land reclamation and large-scale sheep raising are in prospect with the application of the live-at-home idea.

Does the NRA signify dictatorship or democracy? Illinois is of several

to 50. Republicans see campaign ammunition in the idea. Business interests talked plainly in opposition, notably the Chicago Association of Commerce, the Illinois Manufacturers Association, and the Illinois Retail Hardware Dealers Association.

Dry sentiment is still alive in Illinois. Five Chicago suburbs have told John Barleycorn "no" by decisive votes. The feeling seems to center on the "disguised saloon." Evanston, home of Northwestern University and W. C. T. U. headquarters, barred the tavern and liquor shop by three to one, Oak Park, "the biggest village in the world," population 63,000 plumped five to one against liquor; Winnetka, priding itself as a model village, delivered a ten to one wallop.



To warm up an old refrain, "Who's afraid of the big, bad wolf?" Not Michigan trappers and hunters who benefited under the state bounty payments. Abuses of the system, it is charged, included even the breeding of wolves to be turned in for blood money. Since 1929 the State Conservation Commission has had the cooperation of the United States Biological Survey, the state law having been repealed in 1921, when the state paid \$312,346 in bounties for the killing of predatory animals. A state trapper system was then tried. Politicians got control. Wolves and coyotes increased. Sheep and cattle ranchers were outraged by the losses of stock. The alliance with the Federal Government was the state's answer. Political patronage is a continuing issue, with the big ranchers supporting H. P. Williams, the Government's man on the job.

What to do about wheat and what to do about deaf children has made Kansas think and talk. Farmers who borrowed from Uncle Sam to buy their seed wheat admit that the Government has a first lien on the crop, but they want hail insurance which also means a lien on the crop. The Government is not inclined to release its mortgage, and the clemency of nature looks to be the farmers' most hopeful security.

"Why should deaf boys and girls have to go to the city to earn a livelihood?" asks H. J. Menzemer, superintendent of the State School for the Deaf at Olathe. His idea is to teach them farming and dairying, using a 160-acre tract that is near the insti-



minds after debating Governor Hornor's measure for state enforcement of the codes, upheld in the lower house by a straight party vote, 67



tution. If the idea takes hold, he would try to interest the state and national governments in the purchase of additional land. Small farms would be made available on easy terms to the students after they were trained. Colonies of their own kind would then be in view, with perhaps a community center. The greatest hurdle Dr. Menzemer sees is the parents—they do not want to think of their children as handicapped.

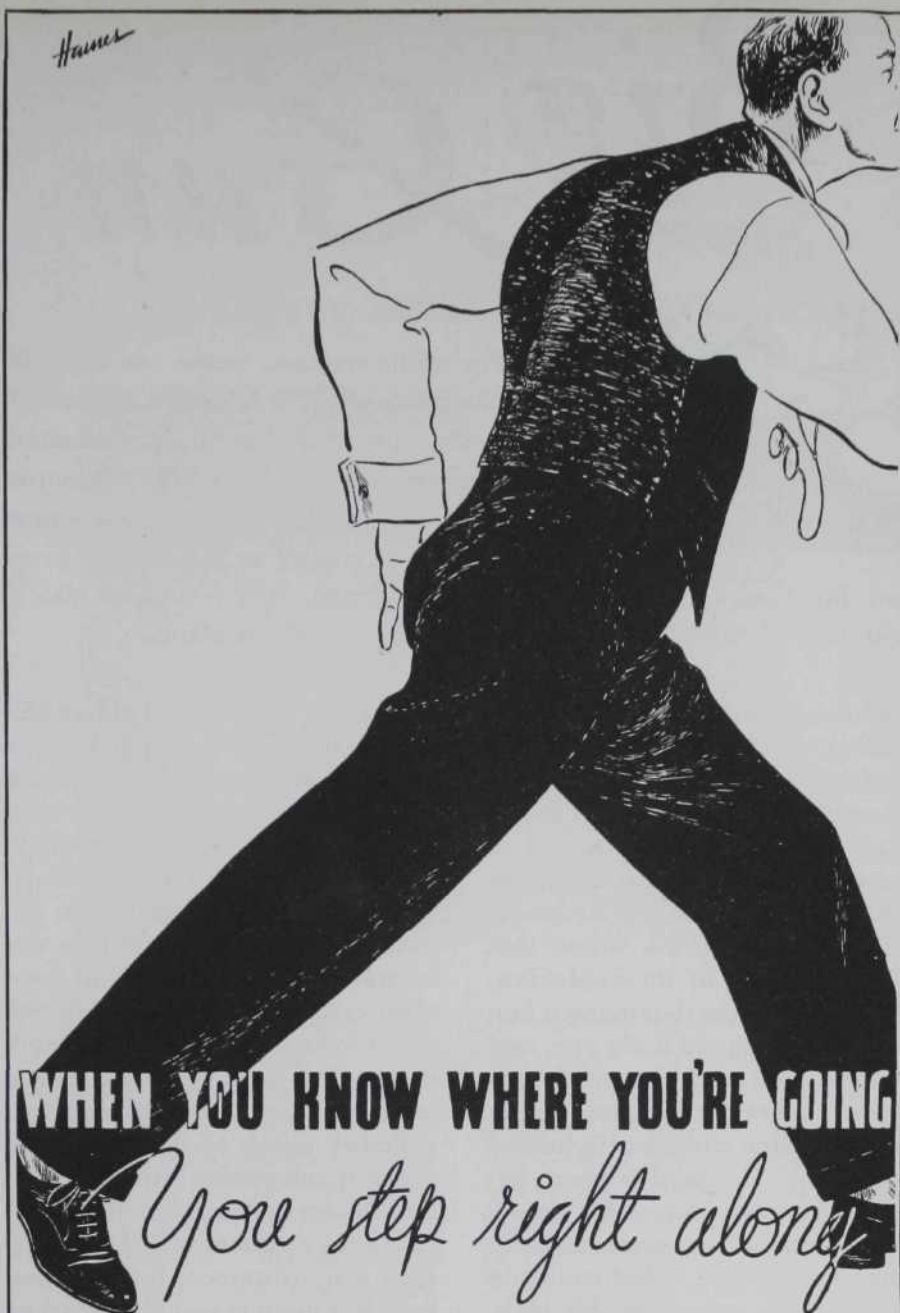
Shall convict man-power substitute for mule-power? "Yes" and "no" said Arkansas. Governor Futrell's negative was decisive. The experiment of hitching convicts in teams of six men to cotton planters was summarily stopped. Mules are scarce in the cotton lands. Power for pulling the planters became an acute problem. The superintendent of the state penal institution heard from one of his charges that inmates of the reformatory were used as motive power. That gave him the idea. He took



the "hard labor" commitment at its face value. A newspaper printed the story. Public sentiment was stirred to protest. An investigation was made at the Governor's behest. The inquisitors found no undue hardship. The men were not pulling a plow, but a device weighing less than 100 pounds. Just the same, the Governor put his foot down.

Do two and two really make four, or is the correct answer somewhere between three and five? The higher mathematics of AAA crop reduction programs have stood Corn Belt farmers on their collective head. The idea of a blanket contract provides its own argument for acceptance when compared to the individual complexities of the separate programs related to corn, hogs, and wheat; the rising riddles of dairy cows and milk; and the looming quotas for beef cattle. As if these indicated intricacies were not enough, the farmer hears that rye, barley, flax, and grain sorghums have been made basic commodities.

Making an agreement with Uncle Sam and living up to it looks simple enough. But it turns out that the old gentleman has a rather devious mind. Fixing the productivity of land withdrawn from cultivation and then determining exactly the number of producing acres for each crop with regard to county quotas means a deal



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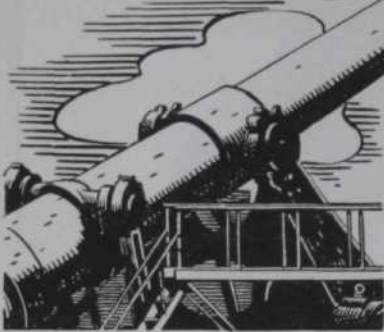
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For all its wetness, water can explode like gunpowder. It has been calculated that a cubic foot of water, when heated to produce steam under 60 to 70 pounds pressure, contains about the same amount of energy as a pound of powder.

Much of that energy can be transformed, in a twinkling, into a destructive force capable of spreading ruin in all directions.

• Consider that modern boilers contain tons of water; that an operating pressure of 200 pounds per square inch is common and 600 or even 1400 pounds is attained in some instances; that it is not so much the energy in the steam, as that contained in the water, that does damage in an explosion. Then you can see that many a factory is built around a big gun, and many a man and woman spends eight or more hours a day beside and over such a piece of industrial armament. The peril is great, because this gun cannot be aimed. When accident, or carelessness, or some unexpected defect suddenly releases the energy of this high-explosive water, the gun itself explodes, and death and destruction is wrought, near as well as far.

• You may have seen photographs of such a disaster. Few men have lived through one. Every plant owner and manager fears such an occurrence and wishes to avoid it if possible. So do we, and therefore we make it a practice to inspect frequently everything we insure. Through 68 years of constant experience we have learned where to look for danger signs, and how to find them often when they are invisible to the naked eye.

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of head and leg work for the farmer. Whatever his anguish of spirit, there are millions in it. The hog raiser, for one, feels he ought to be getting more money. Land rentals and hog benefits were expected to reach high tide in June. The total for Iowa alone is estimated at \$75,000,000 of which \$32,000,000 was to be paid in the spring and early summer.

Do hard times change the intent of the law? Yes, said Governor Murray of Oklahoma in sending National Guardsmen to 11 counties to prevent the sale of tax delinquent properties. Possession of houses and farms by the people, he ruled, outweighs any loss of tax revenue to the counties.

### More taxes needed

UNDER the law, county treasurers collect *ad valorem* taxes for county, city, and school districts. These taxes become delinquent after May 1 of the year next after the tax year. Delinquency carries a penalty of 12 per cent. Sales to satisfy the taxes are usually held in the autumn. The original owner is given two years in which to redeem the property from the person who buys it in. The former owner has two years to reclaim it.

How and where to get more tax money, and what to do about liquor control are major questions before New Mexico's legislature. The need for additional revenue issues from the situation of the schools, and more directly, perhaps, from the new constitutional amendment limiting taxes on tangible property to 20 mills, a provision which has brought a \$3,000,000 shrinkage in the state's revenues. If this slump cannot be made up, the schools can stay open only four months of the year 1934-1935.

The Governor's solution is a tax on trade and industry. It would range from one-eighth of one per cent to two per cent of gross receipts. Failing the passage of this proposal, a deluge of nuisance taxes, or possibly a state lottery, are predicted.

Critics of the statute covering the sale of liquor say it is unworkable. They say it has not prevented the return of the saloon or increased revenue. They contend that bootlegging is on the rise, and that public exposure of a durable "property" sandwich does not make restaurants of bar-rooms. Remedial proposals are put forward in number and variety. An idea for a state dispensary system has won support. It would create a state liquor board to operate liquor stores, fix prices, and license outlets such as drug stores and hotels. Public drinking would be banned. Through application to the board, by a father, mother, sister, brother, husband, wife, or ward, district attor-



neys could be authorized to forbid sale of liquor to an alleged addict.

Is a private clinic, treating thousands of patients a month for a \$2 fee, contrary to professional ethics? Is it socialized medicine? Californians are pondering those questions.

Two doctors, H. Clifford Loos and Donald E. Ross, in 1929 established a medical center in a five-story building. With their staff they are known as the Ross-Loos group. They employ 55 physicians, 110 other attendants, operate ambulances, and provide medical service in 20 suburban communities. The fee is \$2 a month regardless of the size of the family. The group now has about 15,000 subscribers, with the total responsibility amounting to 50,000 persons.

The subscribers include the Los Angeles Department of Power and Water, 2,250; public school teachers, 2,900; county employees, 1,375; firemen, 1,075; policemen, 1,750; and Los Angeles city employees, 1,200. Also included are public employees in other cities in Los Angeles County, and members of university faculties.

### Claimed "unprofessional"

PRIVATE practitioners viewed the expansion of the medical group as a threat to their own professional existence. The County Medical Association invoked a section of the medical code which declares it unprofessional for a physician to "dispose of his services under conditions which interfere with reasonable competition among physicians of a community."

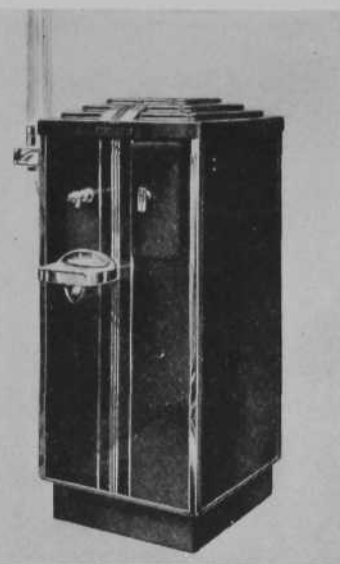
Charges of fee-splitting, advertising and solicitation were made against Doctors Ross and Loos. They denied the charges. They were dismissed from the association. No question of license is involved. The doctors have retained counsel and say they will carry the case to the American Medical Association if necessary.

Hard liquor will be sold in California hotels and restaurants if proponents of an "initiative" measure carry their will in the balloting next autumn. On the same ballots temperance groups will try to put through a local option amendment.

Do tools and seed make a garden? Not necessarily, is the answer from Los Angeles. Although employment showed a 30 per cent gain in April, the withdrawal of government relief agencies has put local relief under severe pressure. The idea of a miniature "back-to-the-land" movement was tried out by the county superintendent of charities. Early reports indicate that, despite exposure of several dependent families to the experiment, it did not take well.



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## Why Fear Cotton Crop Control

(Continued from page 27)

give them machinery under which, collectively, the supply could be brought under control. Most farmers were willing to reduce their production if assured that all the others would do so in the same proportion. The sentiment of the cotton farmers in favor of a compulsory control bill was so nearly unanimous that only five members of the House in the entire Cotton Belt from North Carolina to California voted against the bill.

Only two Senators from the real cotton-growing states voted against it. They were from border states and, I believe, recognized that an overwhelming majority of their cotton-growing constituents favored the bill. They opposed it on other grounds.

A clamor has been set up that this is unjustifiable regimentation. What about industry under the code system? When a business is put under a code, whether by the will of a majority in that business or by the Government, every person engaged in that business is subject to the terms of the code. When the automobile code was adopted Henry Ford protested and refused to sign it. He "stood upon his right of personal liberty"—so eloquently portrayed by some of our orators. It is well known, however, that, although not in sympathy with the code, Mr. Ford literally complied with all its requirements. He was obliged to do so to avoid prosecution. We heard of no statesmen or editorial writers defending Mr. Ford's right to defy and ignore the code.

### Limiting the textile industry

IN THE cotton textile industry the code reduced and limited the hours of operation and the number of spindles that could be operated. In short, that code almost automatically limited the number of units of production.

We have heard no eloquent appeals in behalf of those who did not choose to cooperate under that code. We have heard little about regimentation and socialism.

In the ice-making business, a new plant cannot be established anywhere without the consent of the Administrator. Production control of a necessity!

Many other illustrations could be given, such as the proration of oil quotas, but these are units of in-

dustry and not of agriculture. What a difference that makes to many people who never added anything to our wealth!

The Bankhead Cotton Control Bill extends to the cotton producers the principles of the NRA code. No new "revolutionary" or socialistic program is involved. The law is not the result of any activities by the Department of Agriculture. The demand for it came up from the cotton rows, and it was passed in the face of expressed reluctance by Secretary Wallace.

It was intended not solely to curb and bring into line the chisellers but also to protect the cooperative farmers from each other in the matter of overproduction which they knew would result from an acreage plan alone. Its machinery affords them self-government in their own business.

### Two-thirds must approve law

IF THE law remains in effect next year it will be because two-thirds of the producers have expressed themselves in favor of its continuance.

The law gives to 2,000,000 producers machinery under which they can regulate and control the marketing of cotton just as the stockholders have the power by vote to control the sales management of a steel corporation. A new principle as applied to agriculture? Yes, but a long needed one! And I favor its continuance as a permanent policy for the cotton producers.

As the production line on a graph showing annual cotton production for 40 years moves up and down each year we find that the price line moves in an almost exactly opposite direction. When the farmer plants his cotton he can have no idea about what he will get for it when he takes it to market, because he does not know how much cotton all the farmers will produce.

His credit facilities are impaired because his merchant or banker does not know whether a bale of cotton, when harvested, will bring six cents a pound or 25 cents. If the line of production on the graph could be straightened out, the price line would automatically straighten out with it. The price of cotton would be stabilized at a place where it properly belongs in the general price level of commodities.

The principle involved is not essentially one of personal liberty. The



real issue involved is the application of the age-old law that one should not use his own property to the injury of others.

An overwhelming majority of cotton producers have protested against that practice and invoked protection against unfair practice in interstate and foreign commerce. The Anti-trust Law penalizes unfair sales competition in interstate commerce. Has personal liberty disappeared?

I observe that the practice of "closed shops," whether union or non-union labor is involved, while compulsory on the minority, is not denounced as destructive of personal liberty.

Is it better to insist on the personal liberty and inalienable right to walk the streets without interference or to submit to traffic regulations for the general welfare?

The American Indians declined to submit to the established order of society and civilization. They could not understand that the general welfare of an advancing people required acquiescence in social, political and economic organization controlled by the majority for the good of all. We have highly developed Anglo-Saxon intellectuals who entertain the Indian philosophy when individualism is involved.

#### Foreign increases unlikely

THERE is no cause for alarm based upon suggestions by those ignorant on the subject that the reduction of our abnormal surplus will stimulate production of cotton in foreign countries. The fact is that, since 1925, there has been no material increase in production in any country except Russia. The area with suitable soil and climatic conditions adaptable to the production of cotton has been largely explored everywhere. We have a grade and staple of cotton which has little competition from other countries. Our chief exporting competitors are Egypt and India. Egypt raises a long staple cotton and India an inferior grade of cotton. If other countries had the means of increasing cotton production they would not attempt it merely because of our temporary program for reducing our surplus. They know that, when that plan has been accomplished, we will go back to the normal production of 14 to 15 million bales a year.

Let me point out that cotton has heretofore led this country out of its depressions. The people in the Cotton Belt know how to handle their own situation. If abstract theorists and extreme individualists and hostile politicians will let us alone we will work out our own salvation.



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## The First Year in Milk Planning

(Continued from page 30)

given in Chicago.

Secretary Wallace pushed the processing-tax proposal further in a speech at Syracuse on September 5 in which he declared that licensing agreements and attempts at stabilization were only temporary expedients.

"Dairy farmers themselves and distributors must adapt their production and distribution programs to meet the existing situation," he declared. "Dairymen may well consider the imposition of a processing tax, proceeds of which tax might be used, among other things, to control production.

"Should we not," he ventured further, "begin to deal with the milk industry as a public utility?"

Smouldering public indignation against price-raising provisions in AAA's proposed blanket marketing agreement and marketing agreements for specific areas burst into the open on September 12 with the organization of the Protest League Against Unfair Milk Codes in New York City. Thereafter the AAA blanket code proposal appeared no more in the headlines. It disappeared so completely, in fact, that Administrator Davis doesn't even mention it in his report.

### Cracking down on dairymen

NEXT day, AAA, with the favorable court decision in the Chicago case under its belt, ordered some 50 recalcitrant Chicago milk handlers to show cause why their licenses should not be revoked.

"It is the intention," declared the AAA announcement, "to bring before the Secretary all alleged violations of the Chicago milk license, in order to stabilize that market and protect the milk producers in their rights under that license."

Simultaneously, some 500 of those milk producers, dissatisfied with the agreement and the prices it accorded them, quit shipping their milk and picketed highways.

On the following day, with producers complaining that they were not getting enough under the agreements and consumers crying that they were being gouged, AAA announced that 30-day trial periods to test fairness of price spreads would be instituted for future agreements. Minimum retail prices would be abandoned in the temporary 30-day licenses although maximum retail prices would be provided for the protection of consumers, the then Ad-

ministrator, George Peek, announced.

Meantime AAA was taking more active steps toward a production-control program. Secretary Wallace proclaimed his intention to pay benefits to producers for cutting production and a hearing was held on October 16 to consider whether processing taxes on dairy products would retard consumption or increase surpluses. But the industry received production control coldly. The plans were put in storage for the time being, and, prodded by the dairymen, AAA pushed slowly ahead on the marketing-agreement front.

### Fights on higher prices

ACTION in this theater was marked during October by approval of four more marketing agreements, bringing the total to eight, and an AAA order upping retail milk prices a cent a quart in Chicago. This last immediately struck fire from Chicago city officials and consumers, who declared that it had been put into effect without the thorough preliminary investigation of local conditions which AAA had promised and that distributors, rather than producers, would benefit most from it.

The New England Milk Marketing Agreement went into effect November 3. Despite Administrator Peek's September announcement relative to minimum retail prices, this agreement provided an 11-cents a quart minimum and a 12-cent maximum. This cut the previously existing differential between cash-and-carry and delivered prices in this area to one cent and immediately precipitated enforcement troubles.

Fresh troubles on the same score continued to beset AAA elsewhere. The alleged violations in Chicago, cited two months earlier, were still pending and had swelled to more than 100 when, on November 13, AAA actually "cracked down" for the first time. It ordered licenses of two milk dealers in the Philadelphia area revoked, effective November 20.

Final upshot of this action was that one dealer ceased doing business rather than put up a bond while the other, in the plaintive words of the Davis report, "continued to operate regardless of the clause in the Act relating to penalties of not to exceed \$1,000 a day for operating after license had been revoked."

On December 16, criticised for failing to recognize the need for production control and consumer protection in the marketing agreements



# WHY SMALL LOAN RATES SEEM HIGH

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Peoria  
Rockford  
Springfield  
Waukegan

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Gary  
Hammond  
Indianapolis  
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**Iowa**  
Davenport  
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**Massachusetts**  
Boston  
Springfield  
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**Michigan**  
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THE charge for small loans always seems high to those who compare the cost with the bank rate on commercial loans. Banks charge a "wholesale" rate on large loans used chiefly to finance industry and commerce.

Small loan rates must be looked upon as a "retail" price to the consumer, to pay the cost of supplying money in "broken lots."

A \$20,000 loan may be made on good security by a bank at one rate of interest. But, obviously, it costs much more to lend the same amount of money to 100 different people in amounts of \$200 each and collect repayments in monthly installments.

The handling of 100 interviews, 100 investigations, and 1200 monthly payment collections during a year is much more costly than one interview, one investigation, and one collection.

Just as sugar retailed in small lots is much higher per pound than when sold at wholesale by the carload, loaning money in amounts of \$30 to \$300 is a retail business in cash.

No law restricts the merchant on the profit he may charge. A merchant in food or furniture determines his selling price by adding enough to his wholesale cost to cover operating expenses and show a profit.

Yet the laws of many states restrict the money retailer's gross profit by setting the maximum that can be charged. He may not deduct his interest in advance as banks do. He may not impose fines or extra charges for anything. His is practically the only business where there are no hidden charges in the price to the consumer.

Efficiencies never can reduce retail prices to the level of wholesale prices. However, when methods are devised which permit "retailing" money to families on the signatures of husband and wife alone at rates lower than the 2½% to 3½% a month now charged on unpaid balances, Household will be found using those methods.

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and with increased returns to producers under those agreements stimulating production, Dr. King resigned as chief of the AAA dairy section.

### Stabilization abandoned

AAA intentions to revise these agreements to include definite production-control provisions were reported on December 18, together with tentative plans to raise a minimum of \$20,000,000 through a processing tax on milk. In anticipation of such a tax, AAA already had spent about \$11,000,000 in the effort to stabilize butter prices through relief purchases. This and similar stabilization efforts were now abandoned, however, AAA deeming it unwise to spend any more funds from a tax not yet levied. Incidentally, that tax is still unlevied and appears unlikely to be levied. An \$11,000,000 bag for AAA—and ultimately the taxpayers—to hold is thus indicated.

Termination of the butter-purchasing agreement promptly brought accusations from the National Cooperative Milk Producers Association that Secretary Wallace was responsible for the current collapse of butter prices and that the purchase program had failed.

With a crisis at hand in dairy prices and with milk agreements causing wide dissatisfaction, leaders were again called to Washington to hear production-control plans outlined. They listened as coldly as before.

### Retail price cutting

MEANWHILE, the Chicago situation was out of hand again. Of the more than 100 violations charged, AAA had by now revoked licenses in only three cases. Producers charged that AAA had made no real efforts to enforce provisions against retail price cutting and that it had failed to stabilize the market as promised. A hearing and an audit of distributors' books followed, as a result of which, according to the Davis report, "it became apparent that the consumers' price schedules were not defensible."

This and other audits elsewhere brought charges from Secretary Wallace that distributors were making unreasonably high returns. Distributors answered hotly that AAA had made unwarrantable modifications of accepted accounting practices in its audits, and that its study applied to a five-year period which was generally prosperous even though it included the depression year 1933. Operations in 1933 under the licenses, distributors contended, were at a moderate profit, if not at an actual loss.

Chicago producers, abandoning hope of effective enforcement, now demanded revocation of their marketing agreement and it was terminated on December 31. AAA thereupon dropped efforts to bring court proceedings in the cases of the three dealers whose licenses it had revoked. Thus the net result of all the talk of enforcing retail prices was the going out of business of one lone violator in the Philadelphia area. To quote the Davis report again, "public opinion and practical conditions of supply and demand show that . . . agreements fixing the resale schedule . . . were practically impossible to enforce." On the other hand, many dealers contend that prompt and decisive action by AAA would have won full compliance with the retailing provisions of the agreements.

### A board to fix prices

AFTER the Chicago agreement was terminated, distributors proposed to reduce prices to producers. Strikes and violence promptly flared, ending with a truce under which a board was named by the Chicago mayor to fix a fair price to farmers which it was expected the AAA would enforce. Secretary Wallace on January 10 was quoted as saying he would not enforce a price of more than \$1.70 a hundred pounds for Class 1 fluid milk (the board had suggested \$1.85) and that a higher price was economically unjustifiable. AAA a few weeks later approved a price of \$1.75.

With the few milk marketing agreements he had approved breaking down, Secretary Wallace ordered all of them cancelled as of February 1, and AAA, undiscouraged, brought forth a new policy involving the production-control plans it had been vainly dangling before dairymen for several months. Under the new program efforts were to be concentrated on the primary objective of the Adjustment Act, increasing producers' prices. Fixing of distributors' prices was to be practically abandoned since AAA officials, in the words of the Davis report, did not feel that the time had "yet arrived for it to launch upon the public utility method of regulation which would be the necessary accompaniment of fixing of retail prices."

Production-control sections of the new policy were still under study when the first of the new marketing agreements, establishing producers prices only, went into effect in the Chicago area in February. Some 18 markets have since been covered by similar agreements. AAA's gestation of its production control plan was completed on March 21 and its birth and features proclaimed to the coun-



try's 4,000,000 dairy farmers through press and a nation-wide radio network.

Designed to hold production at or near the seasonally low levels then prevailing, or about ten per cent under the 1932-33 volume, the plan proposed contracts under which farmers would receive from \$165,000,000 to \$300,000,000 in benefit payments for reducing their production, the funds to be raised by a processing tax. The plan was to run for one year, with extension for another year discretionary with the Secretary, and supervision was to be by county production control associations and local committees. It also involved \$5,000,000 for distribution of surplus milk to underfed city children, \$5,000,000 to finance transfer of dairy cows from surplus dairy areas to needy farm families having none, and \$5,000,000 to finance elimination of diseased cattle.

"We know that if no action is taken ultimately some kind of balance, at some price levels, will be restored under the impact of cold economic forces," Administrator Davis told his radio listeners. "But we do not wish the dairy industry to take this punishment if it can be avoided."

### Disapproval of officials

THE reaction was prompt. On March 23 a national conference of 131 cooperative dairy leaders adopted resolutions demanding "immediate removal of those persons in the Department of Agriculture and the AAA who have so unequivocally demonstrated their inexperience, inability, inefficiency and inaptitude in dealing with the fundamental problems of our dairy farmers" and accusing those officials of "attempting to impose upon the dairy cooperatives of this country arbitrary controls and alien principles."

Nevertheless AAA pushed its campaign for the plan, officials carrying the program to the country through 15 regional meetings during the first two weeks of April.

But conditions and circumstances had been developing in the industry which caused dairy farmers to turn deaf ears to AAA pleadings and to ignore the proffered millions. The preceding three months had brought sharp reduction in supply and consequent price recovery of dairy products. Drought conditions in all except the eastern states were impairing pasturage. Feed prices were mounting. These and other factors pointed to further reduction in supply and further price recovery. In addition, doubts about the workings of processing taxes had been raised in the



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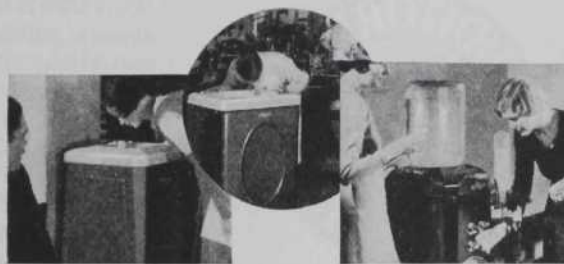
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minds of many dairymen by complaints of hog raisers, correct or incorrect, that they, instead of consumers, were paying the hog processing tax.

On April 23, faced with almost nation-wide opposition from dairy farmers, AAA figuratively threw up its hands. Its plan for production control and processing taxes was abandoned, it announced, and AAA assistance to the industry would be limited to such dairy purchases for relief purposes and reduction in number of diseased cattle as funds from Congress permitted. Determination to continue with the

milk marketing agreements and licenses, providing minimum payments to producers, was also expressed.

But this policy, too, is currently under attack by many distributors. Fixing prices at only one transaction is not likely to work, they feel, and forecasts are being made that AAA will either have to revert to fixing of resale prices or allow the industry to function under the former state of free competition.

Many in the industry, after their experiences with plans and planning during the last year, think the latter alternative wouldn't be so bad at that.

## The Dollar That Nobody Knows

(Continued from page 38)

gold purchase policy was instituted.

When the price of gold was fixed, for example, at \$34.01 an ounce in December, 1933, there was great amusement among monetary economists. Many wished to know just what the purpose of the one cent could be.

Did Professor Warren actually believe that prices responded so sensitively to changes in the paper money price of gold that he could raise the official price by only one cent at a time? Or was he trying to fool the public into believing that the responsiveness of general prices was so delicately attuned that the changes must be made very cautiously?

### For statistical accuracy!

MONETARY economists considered such a solemn-faced exhibition of a statistical absurdity merely as a reflection upon the general common sense supposedly characteristic of the best statisticians of this country. Regarding this mysteriously-determined price for gold, one penetrating financial writer said:

"The extra one cent was obviously for statistical accuracy!"

We are supposed to believe that the effects desired could not have been obtained by a gold price of \$34.00 or \$34.05, but required the price of \$34.01! The President's monetary advisers either were fooling themselves or had a low estimate of the intelligence of the leading monetary economists and financial writers of this country. That gold quotation of \$34.01 deserves a unique place in monetary and statistical lore.

It is practically impossible to find any monetary economists of repute who believe that there is any such connection between prices and the gold supply as Professor Warren in-

sists there is. Wherever any such correlation exists, it is believed to be largely accidental. There are too many other factors to be considered such as deposit currency and its velocity, paper money circulation, general business conditions, and psychological factors.

Dr. Rufus Tucker who has analysed Professor Warren's statistics carefully says in a recent article in *The Annalist*:

"Professor Warren worked out a relationship between gold production, the production of basic commodities, and prices which, even according to his own tables, failed to operate in 32 out of 53 years (1879-1932)."

This is, of course, less than a "chance" relationship.

Dr. Melvin T. Copeland of Harvard, in a recent study, *International Raw Commodity Prices and the Devaluation of the Dollar* (1934), examined the effect of our gold purchase policy on the prices of 13 of our commodities which respond most sensitively to factors affecting prices. He found that, for the period October 22 to December 31, 1933, when the gold buying program was in full swing, the New York prices of six of the commodities declined, the prices of four rose much less than the price of gold, the price of one rose almost as much as the price of gold, and the prices of two rose more than the price of gold.

It is interesting to learn that the price of cotton rose much less than the price of gold and that the price of wheat declined, in the light of Warren's assertion (p. 174 of "Prices") that, if the price of gold were raised 50 per cent, prices of wheat and cotton at export points would rise a little more than 50 per cent.

Professor Warren is not clear in his book as to how soon one may expect this response in prices, but his



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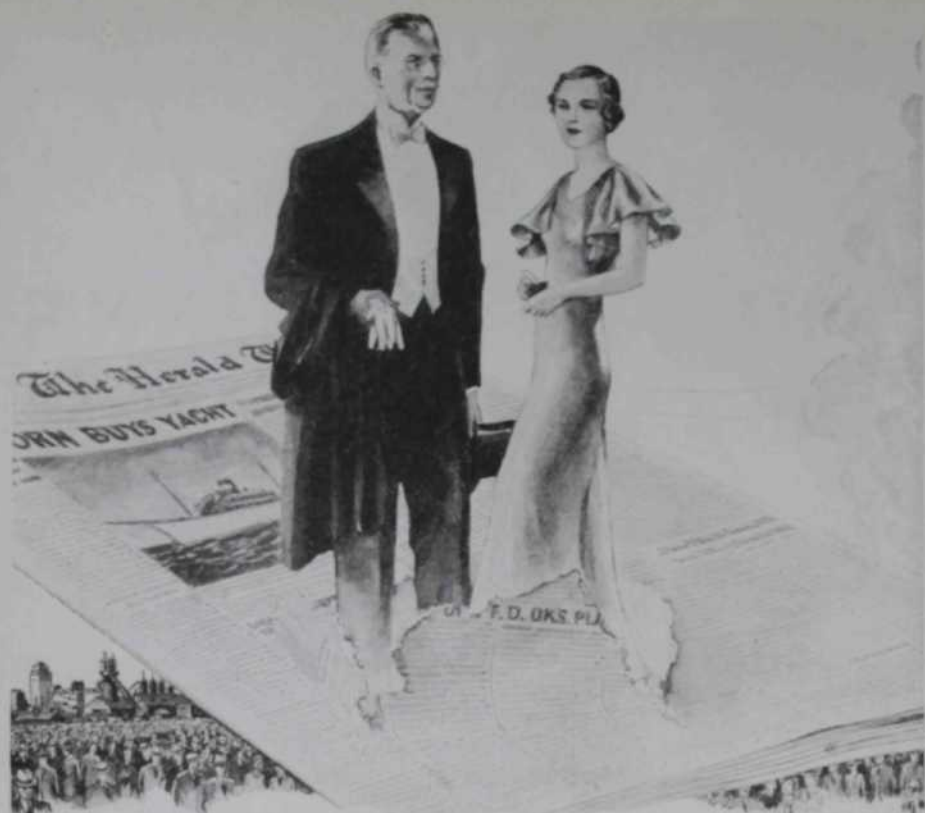
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J. Goldback Van Dorn's order for a \$1,000,000 yacht rates big headlines on the front page... Ed Workingman plunks down his cash payment and signs the papers that get him the long desired sedan. No one hears of it but his family and the neighbors.

Though the trumpets of publicity blare when the big, spectacular purchases are made, the nation's business doesn't thrive on what the millionaires buy. The great army of average families, with their small, month-by-month expenditures for the modest luxuries of life, are the ones who keep the life blood flowing through the arteries of commerce. They don't pay cash in full. They buy on their pledge of industry, integrity and thrift. They pay as they earn.

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responsibility for, or quiet approval of, the \$34.01 price placed on gold, December 1, 1933, lets the cat out of the bag. He reveals the same thought in his statement (p. 174) when he says that "the value of lumber and other building materials in a house would rise at once by 50 per cent."

As for the deliberate issue of inconvertible paper money, the experiences of nations with such money have been almost uniformly disastrous. Professor Warren practically ignores these lessons and says (p. 371) that "we can have any price level we desire by the use of such money."

### Favors many monetary theories

IN A similar manner and for the same reasons, he commends bimetalism, symmetallism, the use of more silver, and the commodity dollar. As to bimetalism, Professor Warren either has refused to profit by, or denies the value of, the lessons learned by the nations of the world in their employment of such a standard. No nation today has bimetalism and apparently no country has tried symmetallism since the early part of the Fourth Century B. C. Yet Professor Warren commends it to this country as a workable device. He also advocates the Fisher commodity dollar plan, the virtues of which are conjectural and the defects of which have been pointed out repeatedly by reputable monetary economists. Against all these measures the great majority of monetary economists of this country, in a poll published in the *Independent Journal* of Columbia University on February 19, 1934, cast an overwhelming vote.

Regarding the insistence that we should force the price level to the debt level (presumably the price level of 1926) on the assumption that the burden of debts would thus be removed from the backs of debtors, the answer is that only a sound rise in prices can do this. Professor Warren fails to show how inflation of a currency will place more real income in the hands of debtors. The fact is that there is no ideal or proper price level known except that which will bring a new equilibrium between production and consumption, and between wages and profits, and after a country has passed through a depression no one can tell when or at what level such an equilibrium will be attained.

Furthermore, the idea of "controlled" inflation is largely a myth.

Finally, considering how often "managed" currency advocates have pointed to Sweden's recent experience as proof that a "managed" currency is the proper device to be



employed in raising a country out of a depression, in avoiding the "evils" of a gold standard, and in controlling the price level and inflation, it is interesting to learn that Dr. Kjellstrom has just published a study, "Managed Money, The Experience of Sweden" (Columbia University Press), in which he points out, among other things, that the managed currency program of Sweden has not been sufficiently effective to lift that country out of the depression, that production has not been maintained, that the desired rise in the wholesale price level has not taken place, and that unemployment has increased.

The important question now is:

What will our Government learn from the fact that on our statute books have been written monetary laws embodying almost every monetary fallacy known? The provisions of the Thomas Amendment of May 12, 1933, are extremely dangerous and should be repealed. The devaluation of the dollar has given us huge surplus reserves that stand as a potential danger should this country ever enter a period of currency expansion.

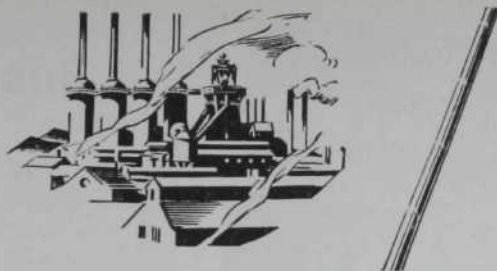
The Administration may profit somewhat by these evidences of past mistakes, and resolve to make no more; but other grave dangers confront the Administration and the country today. The wild-money advocates have had a taste of currency expansion. They are organizing into larger and more dangerous groups which may force through measures that even a presidential veto cannot stop.

### Time to fight inflation

IF ever the "sound money" economists, experienced and level-headed business men and other respected leaders needed to come to the support of a President it is now. Just recently, Congress has shown a dangerous temper in passing the Independent Offices and Veterans Bill over the President's veto. A seriously unbalanced budget is a positive step toward inflation, and if any Government is skirting along the edge of that particular precipice, it is ours.

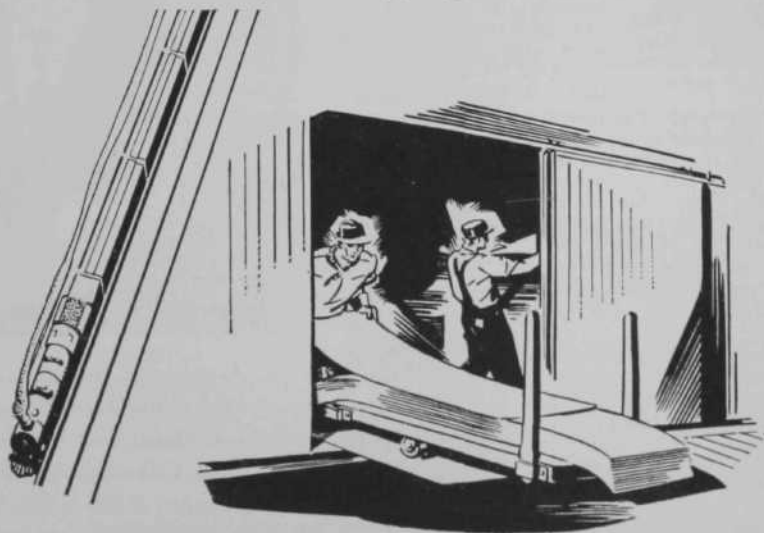
Many thoughtful people have grave doubts now as to what our dollar really is. If some, or perhaps any, of these proposed silver and paper money measures should be passed over the President's veto, no one will be able to tell what our dollar is, or will be, worth. I firmly believe that we are standing on the brink of a dangerous situation.

Unless the tide of these wild-money schemes is turned, we shall be faced with monetary, economic, and social chaos.



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● A great freighter steams into port . . . and mechanical hands dip ore from her hold. Molten metal pours from furnaces . . . and huge ingots rumble on rollers. Steel parts swing down a production line . . . and finished products are rushed to the user. ● Erie shrinks the map by shortening the time in transit between the scenes of operation. In every phase of handling and hauling raw materials, semi-finished or finished products, the speed of Erie movements saves time and cuts costs for steel men and users of steel. Likewise you will benefit when you specify "via Erie" in your shipping orders.



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## Atlantic Life of Richmond saved \$3368 in five years



Mr. George A. Shuman, Assistant Treasurer, Atlantic Life Insurance Co.

The ten-story home office building of the famous Atlantic Life Insurance Company of Richmond is served by Iron Fireman automatic self-regulating coal firing. Installed in the fall of 1928, this Iron Fireman burner replaced hand firing, and immediately showed a fuel cost saving of 47 per cent. In 5 years this saving has amounted to \$3368.00. Mr. George A. Shuman, assistant

treasurer, who supplied these figures, also comments favorably on the evenness of temperature which the occupants of the building enjoy. "Repairs and operating costs have been very little," writes Mr. Shuman, and adds that the fireman who was formerly tied down to the firing job all day now has half of his time free for other work.

When the Iron Fireman dealer surveys your firing job, whether a residence heating plant or a 250 h. p. power boiler, you can depend upon his report because it is based upon the actual experience of an organization which serves many thousands of such installations. Ask for this survey. It is made without charge—no obligation.



Atlantic Life Insurance Company Building, Richmond, Virginia.

## IRON FIREMAN

IRON FIREMAN MFG. CO.  
3146 W. 106th Street, Cleveland, Ohio



- ☐ Send literature  
☐ Please survey my heating plant

☐ Residence ☐ Type of business.....

Name.....

Address.....

When writing please mention Nation's Business

## Business Sizes up the New Deal

(Continued from page 17)

outlined plans, not for the elimination or limitation of the Coal Code, but for additions to its powers. He would have what is practically a Bankhead Cotton law (see page 25 of this issue) devised for coal. Here are some of the things he would have:

Coal production control in the National Bituminous Coal Industrial Board.

The establishment of tonnage allocations for each sub-division based on the average production within each sub-division.

The apportionment of sub-divisional tonnage allocations among the producers on the basis of production.

Tonnage produced by the individual producers in excess of quota tonnage would require the payment of a stipulated cash penalty per ton and the aggregate tonnage produced within any sub-division in excess of quota would require the payment of a similar cash penalty per ton.

Conversely, shortages in the production of quota tonnage, both as to individual producers and as to subdivisions, would be compensated in cash at the same rate per ton.

Minimum prices would continue to be

the risk of too great condensation of his argument, I quote a few sentences from his talk:

Friends of proration and curtailment have gone too far in their demands for legislation running counter to all judicial thinking to date, when nothing of that kind is necessary. Why should Congress be asked to invade the state sphere and restrict production, restrict drilling, restrict leasing, and deal with field operations, when none of that is necessary? . . . Perhaps it is natural that earnest forward-thinking men, seeing the damage being wrought, should become crusaders. Nevertheless, this Government must remain one of laws or it will cease to be a government. And the law, while not an exact science, is a thing of reason and consistency. . . . So, in the last analysis, the proposition of the crusaders is that Congress should use what they call the "war power" to protect commerce. Let us not cunningly adopt any such course. Let us strip off the camouflage and base our claims on the truth. Congress has the power to protect commerce. Let us invoke the exercise of that power.

"A return to the cut-throat methods prior to NRA is unthinkable,"



UNDERWOOD & UNDERWOOD

A spirit of homecoming marks the early hours of the convention. Old friends meet and renew acquaintances. John W. Ross, former president, and W. Sanford Evans, present president of the Canadian Chamber of Commerce, met in the lobby. James Farrell is between them while William Butterworth is beside Mr. Evans

fixed by the Sub-Divisional Code Authorities.

The Administration would have the right to establish maximum prices at any time at not more than some predetermined figure.

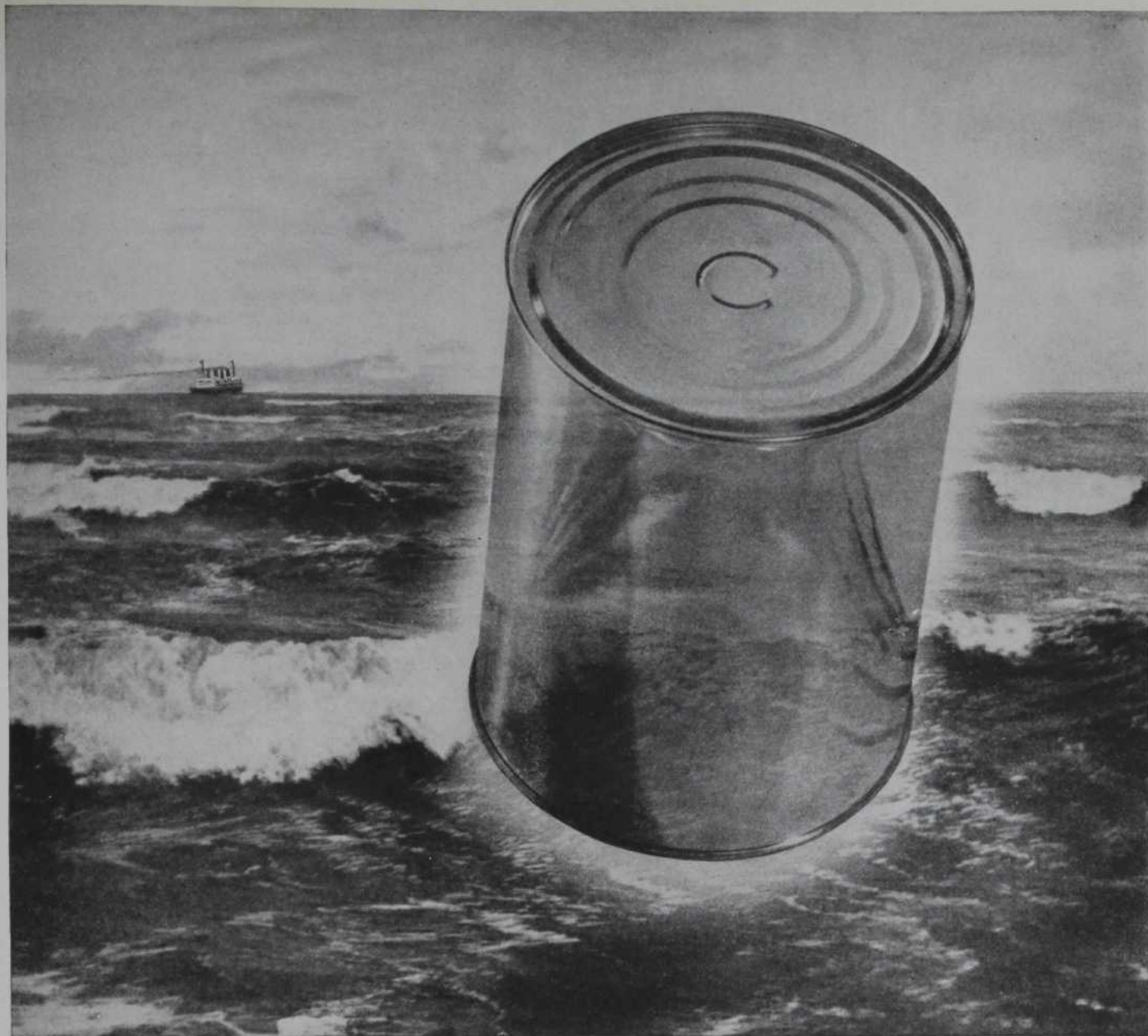
An extreme program for industry perhaps, but one that appeared to find favor.

Less extreme was Mr. Beaty, speaking of the situation in oil. At

said Lumberman Sheppard. He insisted also that production control and minimum cost prices were essential to the success of the code.

Two of the interesting notes struck at the meeting of the manufacturers were on the control of over capacity by B. P. Gossett, President of Chadwick-Hoskins Company, and a member of the Cotton Textile Code Authority; and on the following of





## JOINING HANDS WITH EUROPE

**N**OT CONTENT to depend alone upon its own nationwide organization and its extensive facilities, Continental Can Company has closely associated itself with such European manufacturers as Metal Box & Printing Industries, Ltd., England, and J. J. Carnaud et Forges de Basse Indre, France; each a leading producer of tin containers of every description.

This relationship provides for a com-

plete interchange of packaging ideas and development methods. It opens to Continental customers the benefits of European research and invention, and gives to Continental a real advantage in the creation and production of modern packaging.

To every industry whose products are or might be packed in tin, Continental offers these combined resources in service, design and research. Consultation is invited.

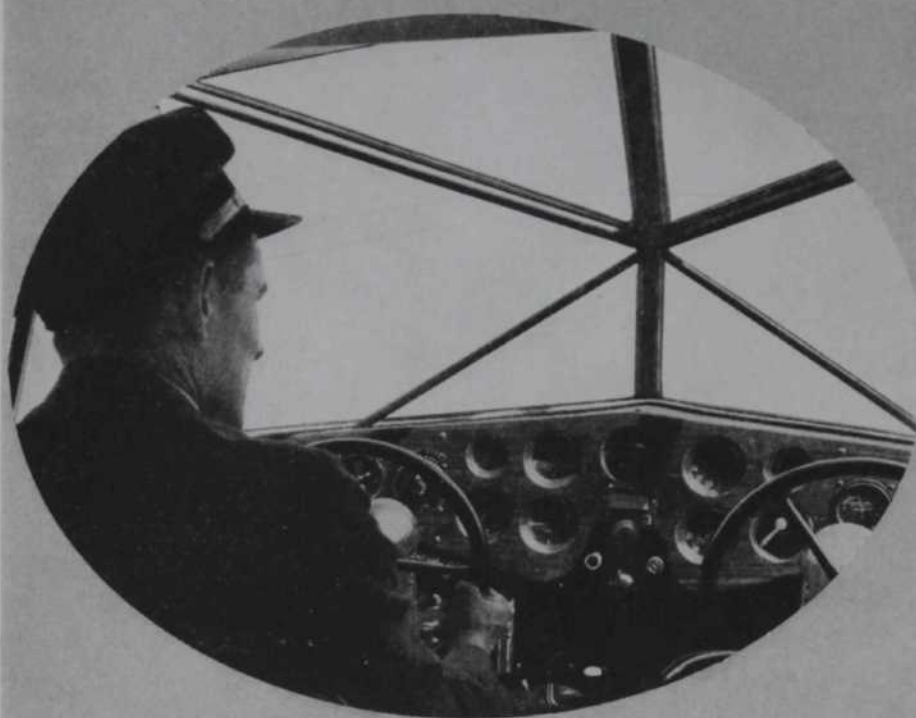
# CONTINENTAL CAN COMPANY

NEW YORK • CHICAGO • SAN FRANCISCO

*When writing to CONTINENTAL CAN CO. please mention Nation's Business*



# IN BUSINESS AS IN FLYING



**YOU MUST HAVE**

*Control*

THE difference between profit and loss often lies in the control of your business and in the speed with which you can make use of accurate, timely figures on costs, sales, inventories. A quick and economical way to collect and compute them is by the Comptometer Peg-Board method. In all kinds of organizations, Comptometer methods are making possible more flexible, more efficient management control—and are effecting large savings over the old ways of handling figures.

The Comptometer Peg-Board combination has these advantages:

- 1 It makes use of *original figures*—eliminating recopying and costly posting, with their chances of expensive errors.
- 2 It is extremely fast. Makes it possible to interpret vital figures more quickly. Allows for daily revisions to keep pace with rapidly changing conditions.
- 3 It is flexible. Adaptable to most any kind of figure or cost routines.
- 4 It is economical. Savings of 50% or more are not unusual.
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The Comptometer Peg-Board combination—by getting *useful figure facts*—opens up many avenues of control: analyses of sales, costs, payrolls and inventories, consolidation of reports, co-ordination of departments.

For detailed information on the Comptometer and the Comptometer Peg-Board combination, write us direct. Or, call the local Comptometer office. Suggestions as to forms, routines, and methods are part of our service—no charge. Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Illinois.

# COMPTOMETER

(TRADE-MARK)

When writing to FELT & TARRANT MFG. CO. please mention *Nation's Business*

standard cost formulae as a base of price fixing by Robert H. Montgomery, accountant, and formerly chief of the Research and Planning Division of NRA.

Defending the limitation on plant capacity in his industry, Mr. Gossett took up the consumer complaints and made this point:

The ultimate consumer of finished goods is not entitled, nor is it to his ultimate interest, to get products at less than cost, since such a system tends increasingly to destroy all profit in manufacture and distribution. It consequently tends to eliminate the producer as a purchaser of other products. Any such conception of public policy means that, for the accomplishment of this end, there must be sacrificed the interests of the raw material producers, the manufacturers, the distributors, and the employees of all of them. The ultimate consumer is and has to be an income earner as well as a consumer. At least, this is true aside from an exceedingly small proportion of our population living on income from non-productive sources. Generally speaking, all of us have to qualify ourselves to pay for and consume products by taking part directly or indirectly in the production or distribution of raw materials or manufactured goods. It would be a strange economy that concerned itself exclusively with the interest of the citizen in his capacity as a spender of his income and refused to concern itself with his opportunity to earn that income.

## Standard costs needed

COLONEL MONTGOMERY'S opening sentence and the text of his talk was:

"If the world owes every man a living, if we can lift ourselves by our own bootstraps, if we can make silk purses out of sows' ears, then the adoption of a standard cost formula as a useful element in the fixing of prices will help us on the road to recovery."

He closed with a plea for quality as against cheapness and said:

The sales appeals of many manufacturers and retail merchants during the past five years or more have been based almost entirely on price. The competitive price battle has been waged with such unreasonable claims, and with such a careless disregard for the facts, that the public is losing confidence in advertising as a selling medium, and in resources which they once trusted implicitly.

There is no doubt in my mind that this extensive exploitation of cheap merchandise is one of the important factors responsible for deplorable economic conditions. It has reduced employment, lowered wage levels and greatly decreased buying power.

It is now the duty of producers and distributors to use the tremendous power of education which they possess to inform the public fully regarding the desirability and economy of merchandise of good quality sold at the lowest prices compatible with real value in service. By raising the standards of quality in merchandise today, we will also be raising the standards of living, by increasing employment and advancing the general levels of wages. It is the most





# WHY <sup>19 out of 20</sup> BUYERS RETURN <sup>each year</sup>

THE Leipzig Trade Fairs offer to American buyers and business executives an opportunity to cover all the important markets of the world—systematically and economically—within the short space of one week.

130,000 buyers and business men from 72 countries are about to visit another Fall Trade Fair in Leipzig, between August 26th and 30th. There, they will inspect and compare the offerings of 22 nations; there, they will first see many new items that are destined to be among next season's outstanding successes.

95% of the American buyers repeat their visits year after year... a remarkable endorsement of the profitability of the trip.

Whatever your line of business—the Leipzig Trade Fairs will simplify your buying problems; save you time and money. The exhibits are all conveniently grouped to save your time and make comparisons easy.

In the *General Merchandise Fair*, 5000 firms will exhibit every possible item for the department store and the specialized store. In the *Building, Home and Industrial Equipment Fair*, there will be 1000 practical exhibits of interest to architects, builders and contractors in all lines.

Write for Booklet No. 13. It tells the story of the Fairs in greater detail. Our New York Office—or an Honorary Representative in your vicinity—will gladly furnish any specific information on lines which interest you. Let us also tell you of important travel discounts and courtesies, available to Leipzig Fair visitors. Your inquiry involves no obligation. Write today. Leipzig Trade Fair, Inc., 10 East 40th Street, New York City.

## LEIPZIG TRADE FAIRS

When writing please mention Nation's Business

logical and immediate method available today of putting more people to work at higher wages and in further increasing consumption of raw and manufactured products.

Speaking at the Round Table on the Retail and Wholesale Trade, S. M. Janney, President, Janney-Marshall Company, had this criticism to make of codes in the food and grocery distributing trades:

The fair and open price provision in our trade is the most difficult to enforce. It is loosely drawn, hard to apply, and because of so many exceptions will never be fully enforced.

The grocery trade is not yet fully aware of the benefits to be derived by all parties strictly complying with the provisions of this code and it will take a long time and a great deal of education to bring them to a full realization of their duties and obligations in this regard. Only by all watching each other and, regardless of friendship or enmity, bringing the violator before the code authority, can anything in the way of enforcement be accomplished. Will this be done? I doubt it most seriously.

Heretofore at our conventions we have passed resolutions pledging ourselves to do and not to do, and just as soon as we would get into our rooms at the hotel the whole thing was forgotten, and we continued to conduct our business in the old way. Here we have the resolutions put into a law the policy of which has been placed into our hands and yet I doubt if we will be able to meet this challenge and make effective these resolutions in the shape of a code which we have all endorsed.

If the Recovery Act as it relates to the Food and Grocery distributing trade fails, it will be because, like the Prohibition Law, it is not enforced.

The desire of business to govern itself got a sharp slap from A. D. Whiteside, president, Dun & Bradstreet, and for a long time connected with the code administration. He told the distribution meeting:

The point comes up, and I hear it repeatedly, that industries and trades prefer not to be under the NRA, they prefer not to be told what to do, they prefer to do things by themselves. I might say that by direct experience I can make a positive statement that industries and trades are not able to govern themselves at the present time, and I further believe that, if the antitrust laws were eliminated entirely, they could no better govern themselves than they do under existing conditions. . . . If 90 per cent of all the men in every given industry and trade agree upon price regulations or selling practices or open market systems, or anything else that they may advocate, unless there is a law which is mandatory which makes the will of the majority compulsory for all, you cannot carry on.

There can be no doubt of the feeling of business toward the Securities Act. In its present state coupled with the threatened act for the regulation of the stock exchanges, it is holding up business recovery. Mr. Harriman made it plain in his opening talk; Mr. Strawn drove the argument home in the address from



*These marginal punched forms are great*

"Here are forms that absolutely can't slip out of register in the machine." Indeed, Standard's name for them is Kant-Slip. They speed up typing operations, insure accuracy, prevent errors.

Standard's Registrator platen, quickly installed on a business machine, has aligning pins that automatically mesh with the marginal punches of Kant-Slip business forms. Thus, all carbon copies are kept in accurate alignment. There's no time out to adjust and jog forms into position.

You can use Standard's Kant-Slip business forms in billing, accounting, tabulating, and book-keeping machines, and typewriters.

Write us! . . . Our representative in your community will call on you! He can demonstrate the importance of improved methods and economies in your forms operations.

BUSINESS MACHINES FORMS DIVISION  
THE  
STANDARD REGISTER  
COMPANY  
DAYTON, OHIO

For complete information write name, company and address, in margin and mail!

When writing please mention Nation's Business





## More time for work—More time for play AT WHITE SULPHUR SPRINGS CONVENTIONS

CENTRALLY located, with overnight air-conditioned train service from all eastern and mid-west cities, White Sulphur Springs offers the ideal place for successful conventions. The Greenbrier affords all the facilities of a modern metropolitan hotel—plus distinctive advantages found nowhere else. With a large auditorium, committee rooms,

banquet rooms, and individual accommodations under one roof, the business of the convention moves swiftly and efficiently. With three of America's finest golf courses, tennis courts, well-bred saddle horses and woodland bridle trails right on the grounds, there's time and inclination for real recreation. Detailed information on request.

*White Sulphur Springs*  
WEST VIRGINIA

THE GREENBRIER AND COTTAGES



L. R. JOHNSTON, GEN. MANAGER

3

STAR WAYS  
TO ENJOY



STRAIGHT



WITH SODA



SIDE-CAR

*Remy Martin*  
THE COGNAC BRANDY  
OF  
*Great Age*

Sole U.S. Importers  
BROWNE  
VINTNERS  
CO., Inc.  
New York  
San Francisco



This advertisement is not intended to offer this product for sale or delivery in any state or community wherein the advertising, sale or use thereof is unlawful.

**I'll work for  
\$15 a year ...**

**I'll promise  
never to be late..**

**Nor make a single  
mistake...ever...**

**Nor show  
favoritism...**

... and in addition, I'll give you an authentic, accurate and legible record of the time of each employee, to meet all requirements of the NRA.



**NEW PAYROLL  
RECORDER for  
IRREGULAR  
PAYROLLS**

New line of all-automatic Cincinnati Payroll Recorders represents greatest advance in 25 years. Records employees "Ins" and "outs" at any time, day or night. No hand adjustment. Card controls record. Whatever your time recording requirements, payroll or job, write today for "Ten Vital Questions Cincinnati Time Recorders Answer." No obligation.

**The Cincinnati Time Recorder Co.**

Est. 1896. 1735 Central Ave., Cincinnati, O.  
Factory Branches and Service Stations in Principal Cities

which I have quoted. It was a major subject of discussion at the meeting to consider capital financing at which George H. Houston, president of Baldwin Locomotive, demolished the fear that further flow of capital into industry would only lead to additional, unneeded plant equipment and "overproduction."

"American business," he said, "without consideration of the reduction in value of its fixed properties, possesses today about \$40,000,000,000 less in resources than it would have had if there had been no depression."

"The Automotive Parts Industry," he added, "has reported through its code authority that it could use \$100,000,000 of new facilities; the textile industry reports an equal shortage, while housing needs a large amount of capital annually for a long time."

B. A. Tompkins, vice president of the Bankers Trust Company of New York, pointed out the tendency of important business in this country to turn from commercial paper to long term credits, a tendency which the Banking Act of 1933 was seeking suddenly and dangerously to check. He added:

It was undoubtedly assumed by the authors of the bill that the necessary underwriting resources would be provided by some agency other than the banks. The assumption that sufficient new capital would flow into private firms to enable them to underwrite the substantial amount which industry demands, and to which it is entitled, may have been warranted. But the assumption that this could take place almost overnight seems to me untenable. In the fulness of time it might be brought about; but it has not happened yet, and June 16 lies just before us. . . .

If the effective date is postponed for another year an opportunity for more deliberate study will be provided. Time has developed important and constructive changes in the National Securities Exchange bill, and sound proposals for amendments to the Securities Act of 1933. By the same token, time would afford opportunity for careful study of the rôle played by the banks in the field of long term credit, and permit us to continue them in that rôle or to provide a substitute.

### Unsound methods in PWA

FEELING as to PWA methods was voiced by Nick F. Helmers, president of the Associated General Contractors. He insisted that the 30-hour week limitation on PWA projects was not sound and has a bad effect on other semi-public and private construction which might otherwise be undertaken. The present wage scale came under criticism from Mr. Helmers who made this significant remark:

"In borrowing from PWA to construct public works, the political subdivisions of the United States must

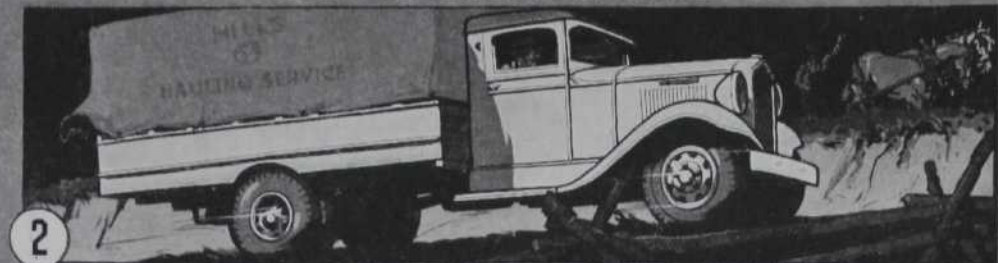


# 5

## REASONS FOR SPECTACULAR GAINS IN REO TRUCK SALES



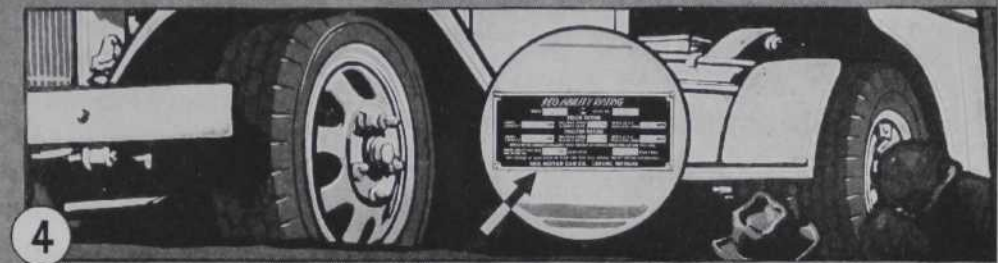
1 BIGGER PAY LOADS—MORE TON MILES



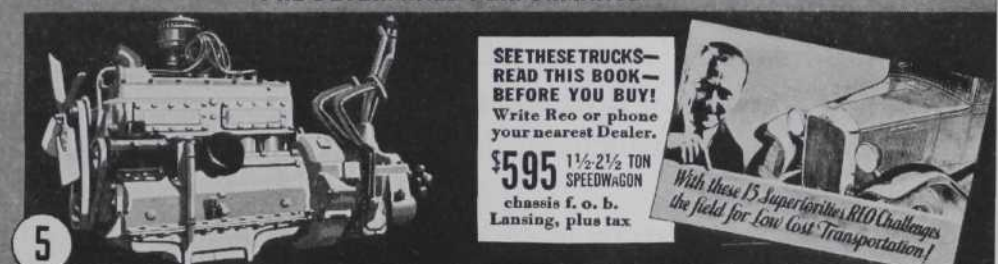
2 LONGER LIFE—LOWER OPERATING COSTS



3 A TYPE AND SIZE FOR NEARLY EVERY BUSINESS NEED



4 REO ABILITY RATING—PRE-DETERMINED PERFORMANCE—REO TRUCK PERFORMANCE GAUGE



5 REO-BUILT 6-CYL. GOLD CROWN ENGINE—15 OTHER PROVABLE SUPERIORITIES

Two words contain the answer to Reo's spectacular gains in truck sales: UNPRECEDENTED VALUES!

Not even Reo has produced such values before—and Reo has a reputation for extra-value-building that dates back 30 years!

The 1½-2½ ton Reo Speedwagon now costs only a few dollars more than the cheapest trucks on the market—and has quality features that easily rank it with the most expensive.

Operators who demand the most for their

money find that it pays to look beyond the purchase price. They figure the cost in terms of ton-miles instead of thinking only of the original price.

On this basis, Reo naturally continues to gain. Any fair comparison is too much in Reo's favor to escape the buyer who is looking for FACTS!

Reo Speed wagons and Trucks range from ¾ to 4-6 tons. New low prices—\$530 and up. 32 wheelbases, all with Reo Gold Crown Engines. Tractor-Trailer units with correct load distribution and maximum pay load capacity. All prices chassis f. o. b. Lansing, plus tax. Dual wheels extra.

THE QUALITY TRUCK IN THE LOW PRICE FIELD

### REO MOTOR CAR COMPANY, LANSING, MICHIGAN

*When writing to REO MOTOR CAR COMPANY please mention Nation's Business*







borrow on this basis and some day they must repay on this basis. In a great many cases these political subdivisions have not heretofore found it necessary to have their public works constructed at such a high wage scale. This serves to unbalance the tax structures and commercial and industrial situations in these communities."

I have referred, and that but briefly, to only a few of the speakers at the general meeting and at the annual dinner. Among them were Secretary Wallace of the Department of Agriculture; President Evans of the Canadian Chamber of Commerce; Arthur Krock of the New York Times; Frederick M. Davenport; Eugene R. Black, Governor of the Federal Reserve Board; Joseph B. Eastman, Federal Coordinator of Transportation; Harry A. Wheeler; John H. Fahey, Chairman of the Federal Home Loan Bank; Henry S. Dennison and last but not least, General Hugh S. Johnson, Administrator of the Recovery Board, who introduced the "Pop Bottle and Dead Cat" theme at a dinner of the Trade Association Executives.

There were round table discussions on Agriculture, Foreign Commerce, Transportation and Communication, City Planning, Taxation, Code Administration, and Insurance. All were marked by that same feeling of constructive criticism, of fact facing, which I have tried to indicate in the few extracts quoted.

One insurance speech deserves mention perhaps since it struck at a very grave problem which calls for more public consideration than it is getting.

There are all sorts of plans to help out the borrower of money, to

cut his debt, or his interest and extend his time of payment. "But what," asked President Cleary of the Northwestern Life, "of the rights of the lender?"

Here's one paragraph from the speech he gave before the insurance group:

Life Insurance has been sympathetic and has cooperated with its borrowers and with public authorities in an effort to relieve the debtor. We will continue that sympathetic cooperation. But there is a point beyond which we should not be asked to go and beyond which we cannot safely go. As managements, charged with the responsibility of a trustee, what right have we to accept less than the amount due if the security is adequate to provide that amount? In a legal sense this money belongs to the Company. In a truer sense it belongs to the policyholder. . . .

Do the morals of today demand that the careful, thrifty citizens who saved to protect themselves, their dependents and society give part of it to these borrowers who can pay, or who gave security adequate to pay it?

Just a year ago, in discussing the Annual Meeting I quoted a somewhat cynical writer on business who said to me at the close of the meeting, "So business has turned radical." I told him that it hadn't and events have proved me right.

This year the same man dropped into my office to discuss the state of mind of industry and quoted:

"The Devil was sick,—the Devil a monk would be;  
The Devil was well,—the devil a monk was he."

"No," I said, "you're wrong again. The patient is feeling better. He wants to know when he can give up his medicines and his diet, and he's beginning to ask what the doctor's bill will be."



FOR NATION'S BUSINESS BY AAKING

Fifteen minutes before the opening session and delegates are still arriving. Girls on the registration desk need not only a thorough knowledge of the convention program but better than average acquaintance with the City Directory and Washington guide book

## The products of GROUP INSURANCE

always can be seen. Dollars delivered, burdens lifted, gratitude expressed. Every claim payment leaves these favorable impressions.

*We have a booklet  
ready for Employers*



THE PRUDENTIAL  
INSURANCE COMPANY  
OF AMERICA

EDWARD D. DUFFIELD, President  
HOME OFFICE: Newark, N. J.

## The finale to a perfect dinner

COINTREAU...  
the after-dinner  
liqueur. Indispensable for the  
smartest cocktail of all, the  
"Side-Car."\*

The genuine  
COINTREAU is  
never sold under  
any other name.

Sole U. S. Importers  
BROWNE  
VINTNERS CO., Inc.  
New York San Francisco



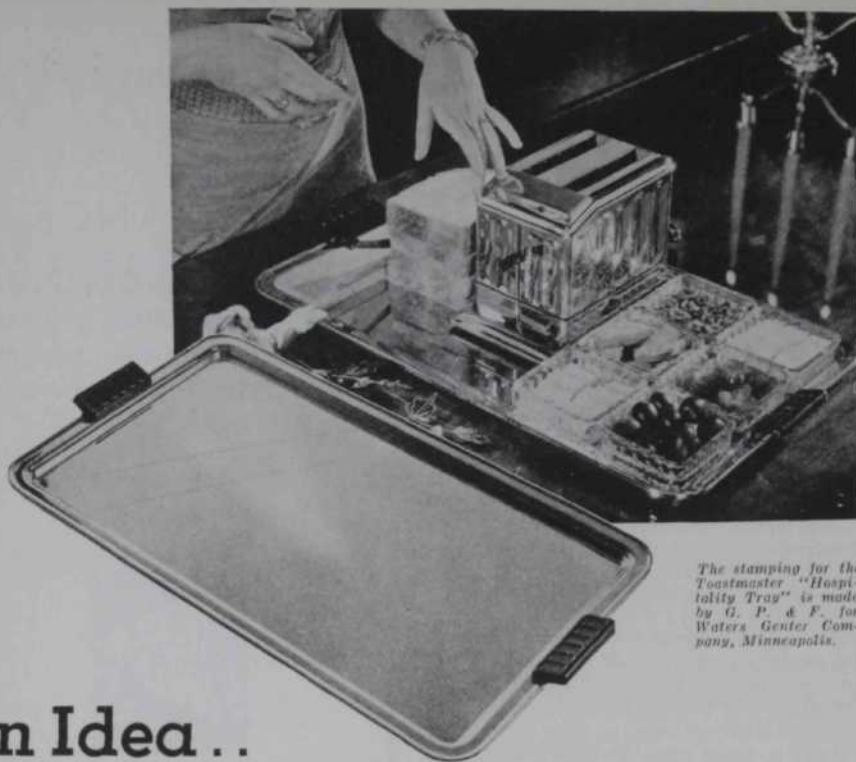
\*  
Mix 1/2  
Cointreau,  
1/2 Rémy Brandy, 1/2  
Lemon Juice.



**COINTREAU**

This advertisement is not intended to offer this product for sale or delivery in any state or community wherein the advertising, sale or use thereof is unlawful.





The stamping for the Toastmaster "Hospitality Tray" is made by G. P. & F. for Waters, Genter Company, Minneapolis.

## An Idea... Plus G. P. & F. Stampings Sold More Toastmasters

WITH the "Hospitality Tray" idea added,—the Toastmaster now gives many extra hours of convenience in the home. Thus has a famous product been improved by stampings—G. P. & F. was able to make a tray of such large dimensions perfectly flat.

Multiplying the sales of an established product by increasing its usefulness, its beauty, or its convenience is a common thing with G. P. & F. With 53 years experience under one management to draw upon—with 19 acres of floor space containing every modern stamping facility, G. P. & F. has succeeded in materializing many ideas,—

many that were judged impractical elsewhere.

Let G. P. & F. engineers have a chance to suggest improvements on your product. Perhaps it needs a "hospitality tray". If you already have an idea, G. P. & F. engineers can help cut the time from plan to market.

Take advantage of G. P. & F. experience and facilities. Start by writing for the idea-inspiring booklet "In Harmony with Modern Progress".

**GEUDER, PAESCHKE & FREY CO.**

*Sales Representatives in Principal Cities  
in All Parts of the Country*

1419 W. St. Paul Ave., Milwaukee, Wis.

# G. P. & F. STAMPINGS



### RUSSIA—SHORT TRIPS

For men of business, a series of tours visiting the Industrial centers—Moscow, Leningrad, Karkow, Kiev and Odessa—Specially planned to give an insight into the system of Industrial Planning and State Control of Production and Agriculture. For further information apply at any office of the

**AMERICAN EXPRESS**

"Intourist" Representatives



### Accountants' Handbook

Save time; increase your ability to handle accounting questions with this great 1933-page handbook. Modern practice from simple bookkeeping to higher accounting—principles, working procedure, forms, controls, reports, audits, etc. 23 big sections in one handy volume for desk or brief case—the ACCOUNTANTS' HANDBOOK. Widely used by executives, credit men, bankers—over 120,000 copies bought. Nothing else like it at any price. Write today for free 32-page section, full details, and low cost of this famous book. The Ronald Press Company, Dept. 754, 15 E. 26th St., New York, N. Y.

Sample Section FREE



**World Famous**  
National history makes the background—modern perfection in hotel life makes the foreground at  
*The*  
**WILLARD HOTEL**  
"The Residence of Presidents"  
Washington, D. C.  
H. P. SOMERVILLE, Managing Director

## Modernizing Price Practices

(Continued from page 45)

brands sold well at first, and the volume increased steadily until about two years ago.

The decline of the original brands began when several manufacturers introduced cheaper goods of a similar kind and distributed them through mass distributors at much lower prices.

The quality of the McCormick product was superior to these brands; but investigation showed that the consumer would not believe that the superiority justified the undue price spread. As a result, sales of the cheaper goods were increasing rapidly in volume, while the high grade brands were either stationary or declining slowly in volume. In this case, McCormick's and the other high grade units retailed at 35 cents, while the cheap goods sold at 20 cents or less.

### Cost-finding and price-reduction

"WHEN we analyzed our costs on this item," Mr. McCormick continued, "we found we had been selling the goods at a very satisfactory gross profit. We had improved the quality in our laboratories, and had reduced our manufacturing costs; but we still maintained the old high selling price.

"When we adopted our new policy early last year, we reduced the price to cover actual costs of manufacture, distribution and a moderate profit. Our sales increased immediately and our volume has been rapidly growing ever since.

"Our goods are still priced higher than the cheaper products; but evidently, the average customer feels that a moderate spread in price is not prejudicial and the quality is worth the difference. Our unit is now sold at 25 cents in the stores, while the cheaper goods cannot be sold lower than 20 cents.

### Customers appreciate quality

"REPLIES to our questions show that the majority of customers realize the value of quality but if the spread is too great, they will be content, in many instances, to get along with inferior goods.

"Customers are unwilling to be imposed upon. It is simply a matter of fairness.

"Our first motive in repricing our lines," Mr. McCormick continued, "was to increase our volume so that we could employ more people. We



# REPUBLIC

MECHANICAL RUBBER PRODUCTS



## What ARE YOUR MECHANICAL RUBBER PROBLEMS?

ARE YOU getting the best service out of your belting, hose, packing and other mechanical rubber applications? Is delivery prompt? Are you in need of engineering counsel on any new application?

We can solve such problems for you with Republic's higher quality standards, large stocks at distributors' warehouses and an enthusiastic interest in any new development you may suggest.

Republic's Service covers every phase of your mechanical rubber needs. We are prepared for difficult undertakings involving demands for unusual performance by the product, immediate volume delivery or scientific research.

Write and tell us your problems. We offer large facilities and the most highly trained technicians to help you solve them.

**THE REPUBLIC RUBBER COMPANY**  
YOUNGSTOWN, OHIO

*Leadership in Policy, Product and Performance.*

**ORDER  
REPUBLIC RUBBER PRODUCTS  
FROM YOUR DISTRIBUTOR**

When writing please mention Nation's Business

wanted to determine the products on which we could reduce prices and still make a fair margin of profit.

"Now, the spread in prices, when our type of goods is offered by the retailer, is not enough to induce the consumer to take a chance on the cheaper grades. In our experience, the reaction was immediately felt. Our distribution costs have been lowered because our salesmen cover more ground—it requires less time for them to land their orders. If we have lost anything by readjusting all prices to a logical level, we have more than made it up in reduced costs and more rapid turnover.

### Refuse to cut quality

"Of course, after a line has been priced according to this policy, the manufacturer should take a firm stand and refuse to cut his prices or reduce his quality for any reason.

"The manufacturer of quality goods cannot meet the prices of lower grades without eventually lowering his quality. Under the price pressure of the past four years, some manufacturers have adopted short-cuts and substitutions to shade costs. We are convinced that the resulting deterioration of quality, rather than the sale of cheaper goods, has been the cause of most of the failures in our field.

"Since our new pricing policy went into effect, we have not only stabilized our business and been able to pay wages even above the code scale, but also have paid a small bonus to all our workers.

"Last year every employee in the plant received a dividend proportionate to profit earned. The cost entailed has proved a splendid investment, for it is paying dividends in increased and better production and in many other profitable results.

### Price alone is not attractive

"OUR experience has proved that food and grocery specialties with their appeal based chiefly on price and the novelty and appearance of the package, thereby sacrificing quality, are not as acceptable as a standard package of high-quality goods reasonably priced on a fair profit basis. The consumer now knows quality, prices, values and where to buy something else that will answer satisfactorily.

"Therefore, let me repeat, the success of the manufacturer depends on how well he conforms to the judgment of the average consumer in adjusting price to quality and in every other detail of his production and distribution."

**a Typewriter**

**a Billing Machine**

**IN ONE MINUTE  
EGRY  
SPEED-FEED**

**MAKES EVERY TYPEWRITER  
A BILLING MACHINE**

**THIS** new Egr Speed-Feed cuts costs by putting billing machine performance in every standard typewriter. The Speed-Feed, automatically inserting and removing carbons, saves up to 40% of a typist's time. Adaptable to any standard make of typewriter. Instantly attached or detached. Makes every typewriter a dual purpose machine—a typewriter one minute, a billing machine the next. Keeps all copies in perfect registration. Uses Egr continuous forms. Saves the expense of costly pre-inserted (one-time) carbons. Makes all the time of your typewriter operator productive. The cost? It's so negligible that you can't afford not to get all the facts. The coupon below brings them.

**THE EGRY REGISTER COMPANY**  
Dayton, Ohio

**Sales Offices in all Principal Cities**  
Manufacturers of Egr Speed-Feed Systems, Typewriter and Billing Machine Attachments and Printed Business Forms.

**EGRY  
SPEED-FEED**

**THE EGRY REGISTER COMPANY 346-NB**  
Dayton, Ohio.

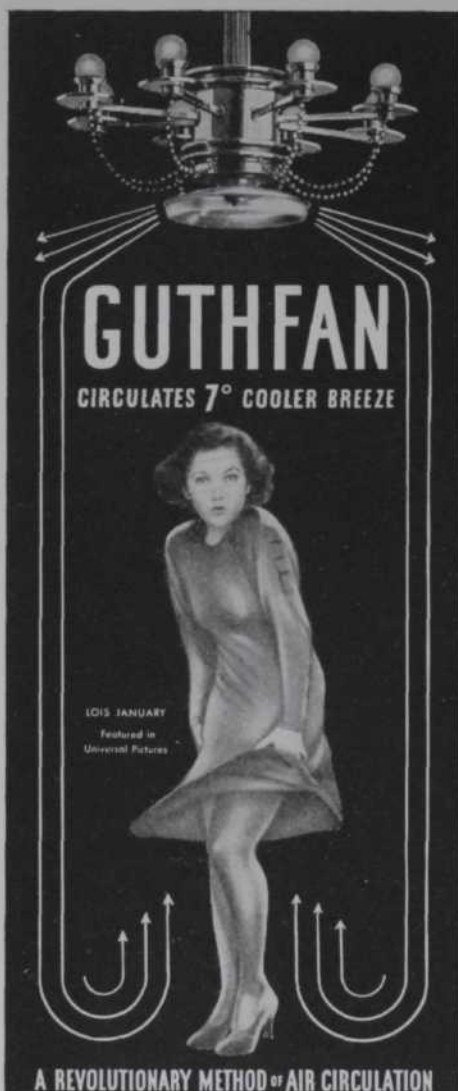
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Your Speed-Feed sounds interesting. Tell me more about it.

Name.....  
Address.....  
City..... State.....

Limited territory available for high type sales agents. Write for details.

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CIRCULATES 7° COOLER BREEZE

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**A REVOLUTIONARY METHOD OF AIR CIRCULATION**

For better health in the home; for better work in the office; and for better patronage in restaurants, theatres, hotels and stores—investigate the sensational new Guthfan—the first radical improvement in electric fans for 35 years.

The Guthfan draws 7" cooler air upward from the floor level. Revolving blades then force the air outward toward the walls on a downward angle. The Guthfan produces a complete and gentle distribution of refreshing, revitalized air throughout the entire room—without danger of drafts or direct blast annoyances.

The Guthfan circulates more and cooler air over a wider area than three ordinary 16-in. electric fans—at half their cost to operate. Furnished with or without lighting fixtures. Easy to install. It is used in government buildings throughout the country. Some of the outstanding organizations that have recently installed Guthfans are: S. H. Kress Co., Montgomery-Ward, American Railway Express, Army & Navy Y. M. C. A., Panama Canal Zone, F. W. Woolworth.

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**The EDWIN F. GUTH COMPANY**  
2611 Washington Ave.  
ST. LOUIS, MO.

## The Wage-war Between the States

(Continued from page 44)

en, that day is over! But, even so, the transition has continued slow. Industrial codes are here by the will of us all to stop abuses, but not to stop the fair chance of any section to make some of the things not only needed at home but also needed in other states."

Another way of expressing the idea that cheap labor has been necessary to develop southern industries is to say, as many southerners do, that from a standpoint of productivity, southern labor is not cheap at all.

### Southern labor not cheap

"FOR years," declares Dudley Had-dock, manager of the Arkansas State Chamber of Commerce, "our booster organizations and others interested in the establishment of industrial enterprises in the South have based their appeals primarily upon 'cheap labor.' We have given the North and East the impression that we pay our workers a pittance, when the truth of the matter is that the typical labor of the South is the most expensive in the country when analyzed from the viewpoint of production. We know it but our competitors do not, because we have persistently sung another song about it."

In the new and perhaps much better way of looking at wages, however, the important thing is what they will buy, how much they will contribute to the purchasing power upon which the upkeep of our huge economic establishment depends. And southern wages won't buy much. They never have, and that is a handicap to the South and to the whole nation. Somehow, somewhere, some day, in the interest of all parties concerned, both the industrial and the agricultural workers of that section must be enabled to buy more. The inability to consume a greater proportion of what it can produce is one of the most tragic limitations on the South's economic future. The very circumstances which are being pointed out now as making the wage differentials necessary would tend to disappear with the differentials' elimination.

With more purchasing power at home it would not be necessary to reach markets so distant at such heavy delivery costs. With a higher standard of living there would be a higher standard of working, with a resultant lowering of the labor cost per unit of production.

But against such reasonable analysis and excellent theory stands the inexorable fact that southern industry exists today largely by grace of the lower wages it pays.

### A slow change is needed

TO withdraw the differentials gradually over a period of years, with ample time for necessary readjustment and for distribution of the losses involved, is one thing. To withdraw them all at once, with ruthless disregard of the delicate balances that would be upset, is another and a dangerous thing.

In this writer's opinion, the southern industrialists are entirely right in their contention that reductions which the various codes have ordered in wage differentials are already as large as, if not larger than, the section can endure at this time and remain a going concern.

Complete elimination of the differentials has a place in long-time plans for national reconstruction but it can have no proper place in any immediate program entitled to the name of national recovery. Hastily and arbitrarily done, it could result in the southern worker being left with no wage at all rather than with a higher wage. It could end wage-slavery by killing the slave, but even the most unionized "slave" would hardly vote for that.

### Alternative

"THE work of the NRA and its officials should always be subject to detailed and outspoken criticism. But when a stuffed shirt, or any other mental casualty of the depression, attacks the fundamental program and underlying aims of the NRA it is just and proper to demand a statement of what industrial program he is supporting to bring us safely and surely out of the depression and to prevent another era of boom followed by another depression.

"The plain fact is that no alternative program has been suggested by any one which can be made effective under our Constitution which has not been tried for many years and proved to be a failure."

DONALD R. RICHBERG  
General Counsel to NRA

In an address to the Trade and Commerce Bar Association.



*Many a likely golfer has tried the fairways of St. Andrews, but none more popular than* JOHNNIE WALKER



*There's no better whisky than Scotch . . .  
and no better Scotch than* JOHNNIE WALKER

IF YOU have ever golfed at St. Andrews, you will long remember the thrill of this famous course, set like an emerald along the Scottish coast . . . and quite likely one of your warmest memories will be a bit of Scottish cordiality enjoyed over a glass of fine old Scotch whisky.

Scotland is justly famed for this product of her Highlands. For centuries, the art of distilling fine Scotch has been handed down like a legacy; and of all the good Scotch, Johnnie Walker is the Scotchman's own especial favourite.

No spirit in all the world has quite the mellowness and flavour of Johnnie Walker. The barley is rich and ripe. Fragrant

Scottish peat, used in the curing, is responsible for the delightful tang. And every drop is laid down in wood to mellow for years and years.

Choose either Red Label or Black Label. Both are true Johnnie Walker . . . distilled and bottled in Scotland . . . pure and soundly aged. You may want to reserve Black Label for special occasions. It is higher in price and more than twelve years old . . . John Walker & Sons, Ltd., Distillers, Kilmarnock, Ayrshire, Scotland.

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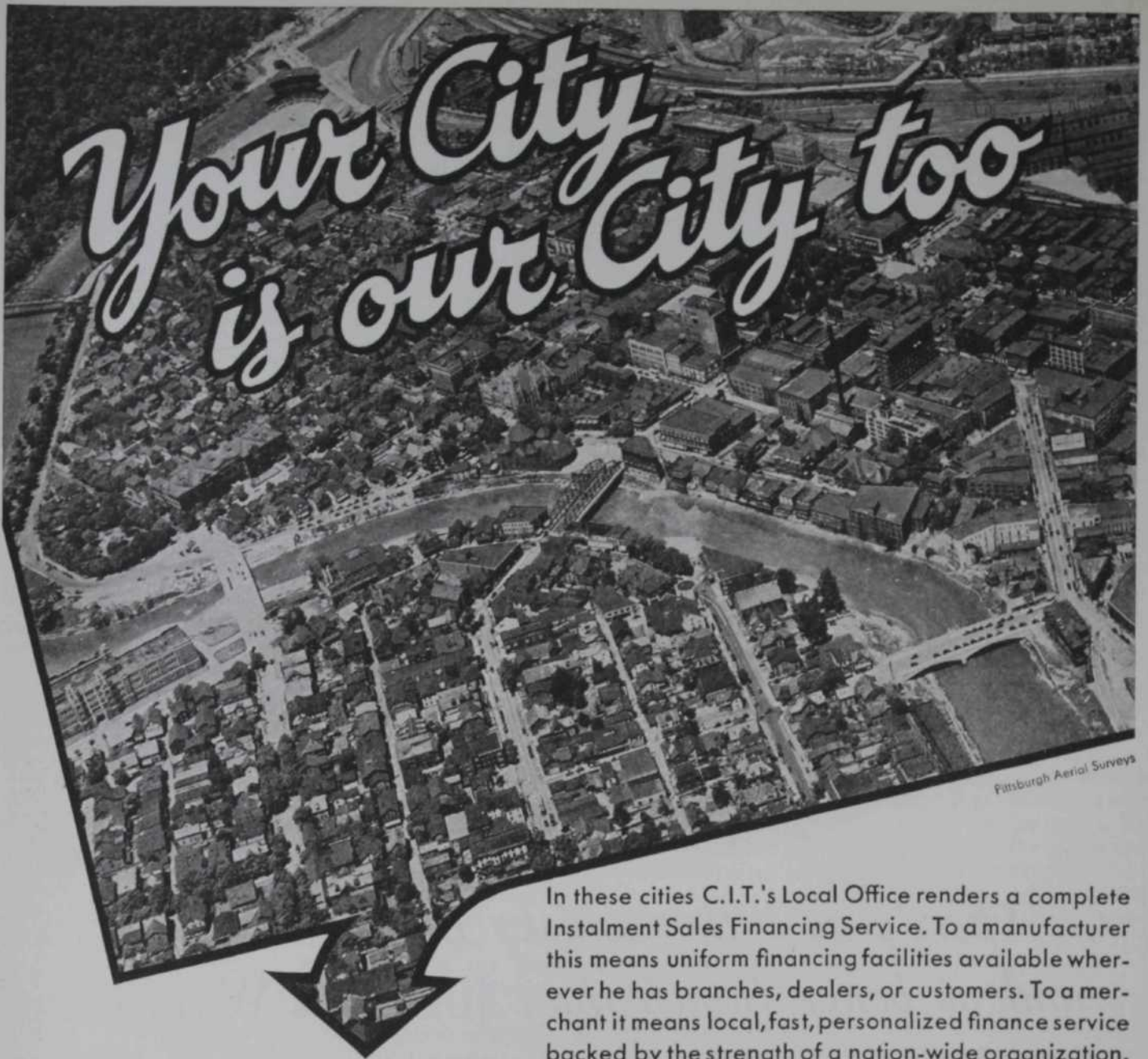
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# What Bankers and Investors Discuss

**T**HE FIRST actual test of the federal insurance of bank deposits is under way in Pittsburgh where the Bank of America Trust Company has been put on a restricted basis.

It's a non-member state bank with deposits of \$1,100,000 insured up to \$2,500 per account by the Federal Deposit Insurance Corporation.

If the bank is closed the FDIC will pay off all deposits up to \$2,500. The bank had \$687,000 in postal savings deposits which are covered by bonds.

All in all, only about \$22,000 of the entire deposits are not protected. This is the first time an insured bank has been in trouble and, while it is being watched with interest, it is not a typical case.

In the first place, being a state bank, the Insurance Corporation cannot act until the state banking department has acted. It is giving the board of directors of the bank a chance to submit a reorganization plan.

This was not a case of frozen assets or unwise loans. It is charged that there was grave mismanagement from inside.

Whatever the causes, the depositors will lose very little.

That this Pennsylvania case is not typical is shown by the figures as of March 31, 1934.

There were 13,874 insured banks.

They had 55,597,737 accounts.

They had \$38,157,019,000 in deposits, of which \$15,700,000,000, or 41.15 per cent, were insured.

## What to do with insurance?

MEANWHILE the future of deposit insurance is somewhat clouded. There's pretty certain to be some form of guaranty. Chairman Leo T. Crowley made this plain recently when he said:

As it now stands, the law requires banks which are members of the Federal Reserve system to become stockholders in the Federal Deposit Insurance Corporation on July 1, when the permanent insurance fund is scheduled to go into effect, and to insure their deposits. State banks which are not members of the Federal Reserve system are permitted to obtain the benefits of further insurance beyond July 1 by subscribing and paying for stock in the corporation on the same basis as Federal Reserve member banks.

Hence there is no occasion for any feeling of uneasiness on the part of

depositors, since all banks now insured can continue to be insured should the Permanent Fund be put into effect on July 1.

## Not all profit

IT IS hard to get excited over the figures concerning brokers' profits given out by Mr. Pecora on the eve of the passage of the Exchange Regulation bill. The figures were large. Some 500 firms in a period of six years had an operating net of about \$800,000,000. No one doubted that stock exchange firms made large sums in such years as '28 and '29. But they had large investments in memberships, etc. Moreover they had losses.

Much publicity was made of the profits of Kean, Taylor & Co. because Mr. Kean is a United States Senator. The firm made profits (or losses) as follows:

|      |           |            |
|------|-----------|------------|
| 1928 | \$200,693 |            |
| 1929 | 345,971   |            |
| 1930 | 365,936   |            |
| 1931 | 195,905   | (loss)     |
| 1932 | 194,010   | (loss)     |
| 1933 | 152,146   | (8 months) |

The profits of the firm were \$674,831 in five years and eight months. A sizable sum but—the firm has eight members. Divide that profit among eight members and spread it over five years and eight months and it is less than \$15,000 a year per partner.

Another thing Mr. Pecora didn't point out, but that Representative Fish did, was that the \$800,000,000 was only three-tenths of one per cent of all the transactions on the Exchange and that transfer taxes of \$360,000,000 are paid on the Exchange dealings. Moreover, some \$110,000,000 of that \$800,000,000 go back to the Government in income taxes.

## Hard to issue securities

OPPOSITION to the Securities Act and to the pending (at this writing) stock regulation bill continues to grow. Many large corporations have found that when refinancing is proposed, their directors have said:

"I will not sign the registration statement. Sooner than do that I will resign." And that was no idle gesture. In some cases there were resignations of directors. In other cases

the corporations decided to postpone issuing new securities.

## Refusing to sign

UP IN New England a golf club had a bond issue coming due. The bonds were well secured by valuable real estate. The club wanted to retire some bonds and issue a new lot. Could they? They could not. The directors almost to a man declined to sign the registration statement.

## An issue of oil interests

YET all sorts of unusual things are being brought up to the Federal Trade Commission for registration. Here's one that interested me. It is quoted from the *Wall Street Journal*:

W. R. Duke, Wichita Falls, Texas, an individual prospecting for oil and gas, selling specified interests in described properties, and proposing to issue 1,400 undivided interests in an oil lease and well in an aggregate amount not to exceed \$2,800. The issuer reports that interests are to be given away in consideration of helping him build up his business, the recipient of each interest to donate \$2 to the expense fund incident to the transaction.

It's a long way from Wichita Falls to Washington to register a \$2,800 issue of 1,400 undivided interests.

## Bank advertising that's new

"WE owe our customers as well as our stockholders frequent and continuous accounting of our stewardship," declared a Connecticut bank in announcing a new policy, the making of a monthly report to its customers. This monthly report is made through booklets and newspaper advertising, includes a financial statement, comment on current financial events and explanations of the services the bank offers.

Another new note in bank advertising has been struck by a Kansas bank which attacks postal savings under such headlines as: "No matter how badly you need it, Postal Savings gives no business counsel"; "By keeping your money in Postal Savings you may be jeopardizing your job"; "Money that is deposited in Postal Savings instead of in a bank deprives our community of civic growth," etc.



**KEEP YOUR WATCHMAN  
ON THE JOB... as well  
as on the Payroll....**



Fires, thefts and other hazards can be avoided—insurance rates can be reduced if properties are adequately guarded with a Chicago Watchman's Clock. Write today for information on the Chicago Watchclock System of Property Protection. It is the most economical method yet devised to assure the efficiency of your watchman. It is your assurance that regular plant inspections will be made in time—on time.

*Approved by Underwriters' Laboratories, Inc., and  
by the Associated Factory Mutuals.*

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1526 S. Wabash Ave., Chicago, Ill.

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City \_\_\_\_\_ State \_\_\_\_\_  
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THE RECOGNIZED WAY TO  
SOUTH AFRICA**



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## Many Men's Opinions on Business

(Continued from page 18)

the assumption that what we needed most was a machine that worked. Whether it was rugged individualism, Fascism, Communism, Socialism, or what-not, made not the slightest bit of difference.

I confess the scope of such planning takes my breath away. It may not make the slightest difference to A. A. Berle, Jr., whether we have Communism, Socialism, Fascism or what-not as he says, but it makes a heap of difference to some 123 million other people in the United States of America.

A. W. ROBERTSON  
Westinghouse Electric Mfg. Co.  
Pittsburgh

### Government Consciousness

THE Recovery Act has made the laborer and the shiftless government-conscious. If I want a job, the Government must provide it. If I am hungry, the Government must feed me. If my hours of labor are too long and my pay not satisfactory, the Government must correct the abuses.

S. M. JANNEY  
Pres. Janney Marshall Co.  
Fredericksburg, Va.

### The Purpose of Planning

IN Washington we have gone far enough along with the New Deal to feel that we understand the underlying philosophy of the President. At least, I feel sure of it. Not regimentation, not the end of individualism or of the America we know. Not that Roosevelts shall no longer go to Groton and Harvard because millions of other boys can't go. Not pittances for ability, character and effort because fair rewards cannot come equally to all.

The President's planning, as I see it, is all to the end that the country's great yields of nature, labor and brains shall be more fairly distributed than they have been. Only by planning, backed by political power, can this be accomplished. If you think that the previous distribution has been fair, or that human nature stands in the way of any better allocation, then you are wholly right in calling for the end of all the President's works. I don't happen to agree....

It seems to me, however, that the President must weigh your suggestions on the scales of certain recollections. When he was inaugurated all emergency plans contemplated the concentration of powers in the executive for periods of from two to

five years. Only one year has passed since then, and in that year business has gotten a great deal more from the Government than it has given. (I refer to some of the NRA codes.) With deference I suggest that you should not be irritated when you find that your proposals in the spring of 1933 have greater weight with officials in the spring of 1934 than they have with you. Converts cannot be changed back from fundamentalism as rapidly as the preachers.

ARTHUR KROCK  
Washington Correspondent  
for N. Y. Times

### Not a Revolution

THE Industrial Recovery program cannot be honestly called a program of political revolution because it is founded on accepting and preserving those rights of property and liberties of the individual which are guaranteed in the Constitution. Under those constitutional rights, the owners of industry have the right to manage industry. But it has always been accepted that such rights must be exercised with due regard for the public interest, and under such limitations and regulations as are necessary to protect the public interest.

DONALD R. RICHBERG  
General Counsel NRA

### The Weight of Fear

WE are rapidly losing the old sense of personal responsibility and thrift.

Regardless of the historic fact that civilization and democracy never started until there began to be a social surplus; regardless of the fact that machines and other capital goods will continue to wear out and somebody or something will have to save to replace them; regardless of the fact that thrift was the first aid in building the character of early America, there are many who have begun to look at least upon individual saving as antisocial.

Multitudes have become less self-respecting, more inclined to lean upon other people and upon government. You cannot shake from center to circumference the sense of security of 85 per cent of the population of a country, who have their slender lifetime accumulations in insurance companies and savings and commercial banks and building and loan associations, without paralyzing thrift to an unfortunate degree. I venture the opinion that we shall not have anything like a complete return to



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A TOUCH OF  
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*now replaces*



A SWEEP OF  
THE ARM...

Burroughs Electric Carriage Typewriter saves the typist all waste motions formerly required to push the carriage back by hand. A built-in motor returns the carriage and spaces to the next writing line. Shifting for capitals is also electric. The keyboard, size and shape of this new typewriter are standard.

Typewriter Division • BURROUGHS ADDING MACHINE COMPANY • Detroit, Michigan

## ELECTRIC CARRIAGE TYPEWRITER





## Gentlemen, the King!

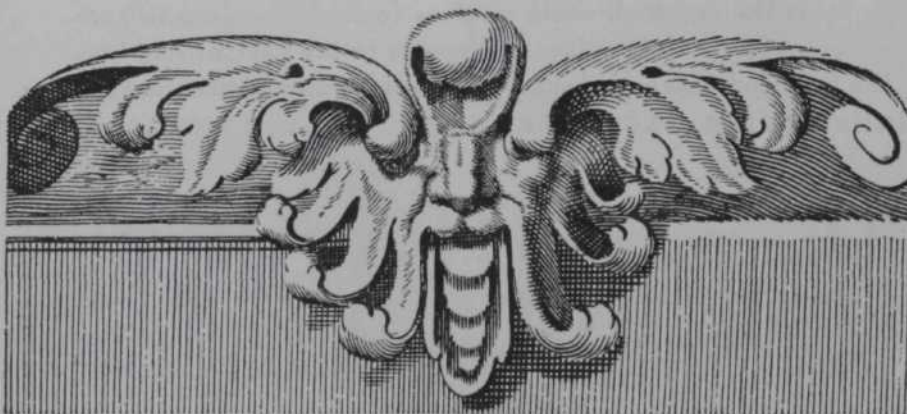
You'll feel better tomorrow if you stand by King William today. This mellow old Scotch whisky treats you royally and the price is only a trifle more. Ask for King William in the cafes; hope for it when you're a guest; serve it when you're the host. Every case is delivered from a U. S. Customs bonded warehouse.

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*By Appointment to His Late Majesty King William IV*

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what still seems to me to be the sturdy virtue of restraint in spending and care in saving, until the burdening sense of injustice, of insecurity and benumbing economic fear is rolled away.

FREDERICK M. DAVENPORT  
*Former Representative in Congress  
Clinton, N. Y.*

### Extension of Financing

THE loans secured solely by revenues of publicly-owned utilities or revenue producing projects offer the most outstanding innovations in the realm of municipal finance growing out of the PWA activities.

This type of financing has been employed previously, and in many cases has stood up better than the tax supported loans of the same municipalities, but PWA has extended it to more and to more varied uses than ever before.

Waterworks and light and power projects have constituted the principal occasion for this type of financing in the past, but now we have sewers and sewage disposal plants, subways, housing, dormitories, stadiums, recreational facilities and probably some others. My own home town has recently proposed to ask PWA to help finance a self-liquidating project in the form of a theatre at the Zoo devoted exclusively to exhibiting a trained chimpanzee!

HENRY HART  
*V. P. First of Michigan Corp.  
Detroit*

### Century of Progress

ONE GOOD fair deserves another, to Chicago's way of thinking. Improved and enlarged, the 1934 version of the Exposition is designed to give the country another chance to catch up on the evolution of civilization in the past hundred years. What experience suggested, enterprise has done. For example, the Midway has been moved bodily to the shores of Northerly Island where it will exercise its blandishments in a carnival atmosphere all its own.

Henry Ford has erected a building on the site of the army camp.

With the Belgian Village playing to capacity business, it was logical that this national solo note should develop into a world chorus. Switzerland, Ireland, Germany, England, Spain, Italy, France, Tunis, Morocco—and perhaps Russia—will have picturesque centers to vie with the prospering Belgians.—R. C. W.



## "Ket" and the Way He Talks

(Continued from page 24)

possibilities of raising the standard of living. We must look at the possibilities of doing things instead of looking at the scrap heaps. I can put any factory into a nervous breakdown by saving its scrap.

I did that one time and it was six months before anybody grasped the point that I didn't show how many carloads of good goods had gone out while I was making that much scrap.

TODAY we are looking at the things that are wrong, but let's look at the things that are right. We got into this as an experiment. This civilization of ours is an experiment. It is the first time everybody ever tried to do things like this; it is the first time we ever had automobiles, radios, telephones, and locomotives. Let's not throw them all away and say we are not going to have any more new things, because you can't keep from having new things. You don't have anything to say about it.

You can kid yourself and egotize yourself to the point of believing that you have something to say about this, but so far as I have been able to observe, you don't have anything to do about it at all. You can plan all you want to, and I can guarantee just one thing, that not one of your plans will work out, unless it is different from any other planning that I have ever seen. Most of you can't tell where you are going to be tomorrow at noon with a certainty. You can't tell what you are going to do next Thursday, you can't tell what kind of a product you are going to be making in a year from now. We talk about looking ahead in this automobile business. The best automobile projectors in the world ten years ago couldn't have told what we are going to do today because the automobile business has grown as the people wanted it to be.

We started with an elementary device. A customer wanted an improvement, another wanted an improvement. This was added and that was added. Finally we took a good look at it and said, "If that is the way they want it, we can redesign the thing."

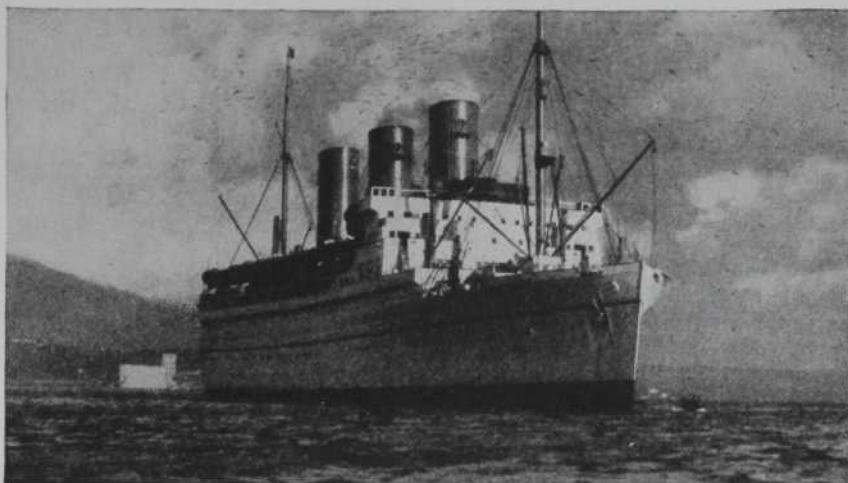
Then we made it simpler and more compact and added gadgets on it again. That is the way anything grows.

If I have any one thing to say to you it is this:

"Let's have faith and go out and clean up the difficulties and save the good."

## Reduced Summer round-trip fares

SAIL VIA SHORTEST, FASTEST ROUTE



*Yokohama in 10 days flat!*... regular running time of the swift sister-ships, Empress of Asia and Empress of Russia, via *Direct Express Route*. Speed!... plus the luxury, the service you expect on "Empress" liners.

**ORIENT VIA HONOLULU**... Empress of Japan (largest, fastest liner on the Pacific) and Empress of Canada... Honolulu in 5 luxurious days, Yokohama in just 8 more.

**"GO-WHERE-YOU-WANT" WORLD TOURS**... Travel east or west. 215 itineraries. Stay in each port as long as you please. Shore excursions at will. Tickets good for two years. Fares surprisingly low. Ask about Inclusive Personally-Conducted Tours.

**FREQUENT SAILINGS TO HONOLULU AND ORIENT**... from Vancouver (trains to ship-side) and Victoria. First, Tourist, and Third Class. Orient fares include passage from Seattle. Reduced Summer round-trip fares. If you sail from San Francisco or Los Angeles, you can connect with any "Empress" at Honolulu.

Get booklets, maps, etc., from YOUR TRAVEL AGENT, or Canadian Pacific offices in New York, Chicago, San Francisco, Montreal, Toronto, Vancouver, Winnipeg, and other cities in U. S. and Canada.

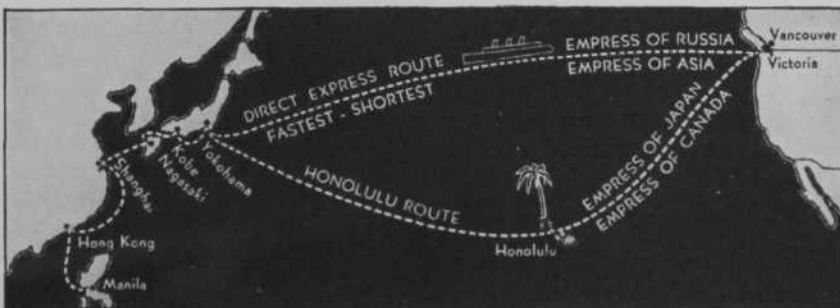


Spacious luxury

## Canadian Pacific



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EMPRESS  
TO THE **ORIENT** HONOLULU  
JAPAN · CHINA  
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... via Havana, through the Panama Canal. A two weeks cruise, or longer—according to stopovers. Sail any Thursday from New York. *First Class* from \$140; *Tourist* \$120.

## ROUND AMERICA

To California by President Liner and return by your choice of direct rail routes (or the reverse). *Complete roundtrips, hometown to hometown, from \$230 First Class; \$210 Tourist.*

## ORIENT

Japan, China and the Philippines are close when you go by President Liner, and special Summer roundtrip fares (via Hawaii and the Sunshine Route) are low... from \$450 *First Class*; \$240 *Tourist* (Yokohama and return).

## ROUND THE WORLD

26,000 luxurious miles. Visits in 21 ports in 14 different countries. Stopover as you like, continue on the next or a later President Liner. Take only 110 days (85 if you cross America by train), or up to two full years. Sail any week from New York, Los Angeles or San Francisco... for as little as \$654 *First Class*.

Get complete information from your own travel agent, or...

# DOLLAR STEAMSHIP LINES

604 Fifth Ave., New York; 110 South Dearborn St., Chicago; 311 California St., San Francisco  
—and all other principal cities.

★ THIS is one of a series of editorials written by leading advertising men on the general subject of advertising

## New Markets are Depression Insurance

LOOKING back on the recent lean years, we find certain manufacturers did well for themselves. Looking for reasons, we find, almost without exception, that they uncovered new markets, which carried them through the dead months in their primary fields.

A fabricator of pressed steel products perfected a steel beer barrel and kept his plant busy; a manufacturer of industrial copper kept his men at work on a novelty which retailed for a dollar; a paper mill perfected a cellulose yarn that found uses where paper never would have sold.

When primary markets fail, the alert manufacturer looks for new markets, something on the fringe of his own industry. Even when primary markets are good, alert businesses can grow and expand by going beyond their own limited fields.

The first step for any manufacturer is to cultivate his primary market. This he can do through trade journals, direct mail and his sales staff. In this stage, his advertising may well be planned to produce tangible returns. But there comes a time when he finds it advantageous to look beyond the mere getting of inquiries, beyond immediate orders, to a national standing. He needs to look beyond his immediate and primary markets to those unknown and often unsuspected markets which have future possibilities for him.

Then he needs national advertising that reaches all industry. He needs to adopt the broader publicity policies that are used by the large, successful institutions of the country.

Many firms remain little and local because they lack the courage or the understanding to invest in advertising that is not planned for immediate sales.

BENNETT CHAPPLE,  
Vice President

The American Rolling Mill Company

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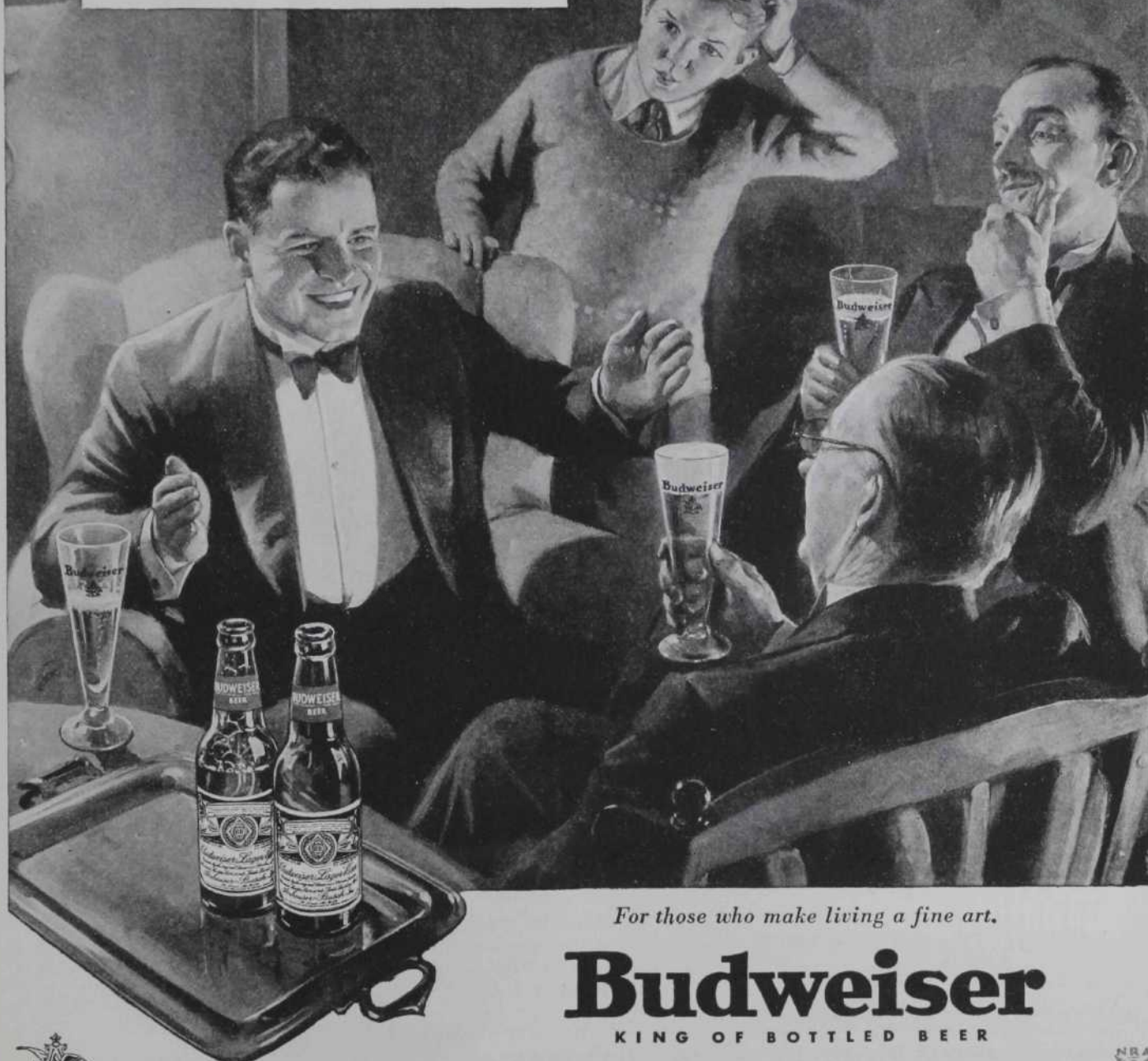
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## ANY STORY GOES BETTER WITH BUDWEISER

The keen enjoyment of any well-told tale is magnified immensely, when good fellows get together and make BUDWEISER their glass of geniality. BUDWEISER and good fellowship are synonymous. And, there is a remarkable story behind BUDWEISER—its world-wide sales have never been equalled by any other bottled beer, and it is brewed in the largest brewery in the world.



*For those who make living a fine art.*

# Budweiser

KING OF BOTTLED BEER



ANHEUSER-BUSCH • SAINT LOUIS







*Don't crack up  
but crack down*

# THE DRINK THAT KEEPS YOU FEELING FIT FOR WHAT'S AHEAD

Don't let sands of irritation engulf you in golf. Don't crack up but crack down—by downing an ice-cold Coca-Cola. You'll feel an upturn of good cheer with the down-draught of its cool refreshment. A pause for Coca-Cola helps you score nearer to par—at anything.


Coca-Cola Co., Atlanta, Ga.



A PURE WHOLESOME DRINK OF NATURAL

FLAVORS





How TIME, That Tough Old Tester,  
has worked for you..

LABORATORY experiments are uncertain. Written or spoken words may be misleading. Appearances are frequently deceitful.

But there is one *sure* way to find out what kind of pipe will serve you best and longest in the use for which you intend it.

Go to the oldest, toughest Tester the world has ever known. He *always* tells the truth. His decisions are never wrong.

His name is TIME.

And, since 1848, Time has said one thing with unmistakable clarity: No other pipe has a record for long life . . . in so many different places . . . for so many different uses . . . as does Genuine Puddled Wrought Iron Pipe.

Put Time, that Tough Old Tester, to work for you. Let his records of actual pipe service tell you where Genuine Puddled Wrought Iron — made as Reading makes it — means *lowest* ultimate pipe cost.

Sound, practical advice on any specific pipe question is yours for the asking. Write us — there's no obligation.

**READING IRON COMPANY  
PHILADELPHIA, PA.**

**READING GENUINE PUDDLED WROUGHT IRON**

SCIENCE & INVENTION HAVE NEVER FOUND A SATISFACTORY SUBSTITUTE FOR GENUINE PUDDLED WROUGHT IRON





LUCKIES ARE ALL-WAYS KIND TO YOUR THROAT

"it's toasted"

*Only the Center Leaves—these are the Mildest Leaves*



*NOT the top leaves—they're under-developed—  
they are harsh!*

*They Taste Better*

*NOT the bottom leaves—they're inferior in  
quality—coarse and sandy!*